



**47<sup>th</sup> ANNUAL REPORT**  
**2017-18**

**SOUTHERN PETROCHEMICAL INDUSTRIES  
CORPORATION LIMITED**



**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED****Board of Directors**

Ashwin C Muthiah	DIN 00255679	Chairman
S Visakan I.A.S	DIN 06578414	Director (from 13 Jun 2018)
M S Shanmugam I.A.S	DIN 02475286	Director (upto 30 Nov 2017)
B Elangovan	DIN 00133452	Director
B Narendran	DIN 01159394	Independent Director
S Shankar	DIN 06591908	Independent Director
Harish Chandra Chawla	DIN 00085415	Independent Director
Sashikala Srikanth	DIN 01678374	Independent Director
Sumanjit Chaudhry	DIN 06752672	Independent Director
S Radhakrishnan	DIN 00061723	Independent Director (from 7 Feb 2018)
T K Arun	DIN 02163427	Director
S R Ramakrishnan	DIN 00120126	Whole-time Director

**Secretary**

M B Ganesh

**Chief Financial Officer**

K R Anandan

**Registered Office :**

SPIC House, No. 88, Mount Road, Guindy,  
Chennai 600 032  
CIN: L11101TN1969PLC005778  
Phone :+91 44 22350245 • Fax : +91 44 22352163  
Website : [www.spic.in](http://www.spic.in) • E-mail : [spiccorp@spic.co.in](mailto:spiccorp@spic.co.in)

**Plant:**

SPIC Nagar, Muthiapuram,  
Tuticorin 628 005  
Phone : 0461-2355525  
Fax : 0461 2355588  
E-mail : [spiccorp@spic.co.in](mailto:spiccorp@spic.co.in)

**Statutory Auditors :**

MSKA & Associates  
(Formerly known as MZSK & Associates)  
Chartered Accountants  
117/54, Floor 2, Citadel Building  
Dr Radhakrishnan Salai  
Mylapore, Chennai 600 004

**Registrar and Share Transfer Agents**

Cameo Corporate Services Limited  
"Subramanian Building"  
No 1 Club House Road, Chennai 600 002  
Tel: 044-28460390 / 28460718  
Fax : 044-28460129  
E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)

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## SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Registered Office: "SPIC House", No. 88, Mount Road, Guindy, Chennai - 600 032.

CIN:L11101TN1969PLC005778;

E-mail: spiccorp@spic.co.in; website: [www.spic.in](http://www.spic.in), Ph: 044-22350245

### NOTICE

**NOTICE** is hereby given that the FORTY SEVENTH ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Tuesday the 7th August 2018 at 2.30 P.M. at Rajah Annamalai Mandram, No 5, Esplanade Road, Chennai - 600 108, to transact the following business:

#### ORDINARY BUSINESS:

##### 1. Adoption of Financial Statements

###### "RESOLVED THAT

a. the audited financial statement of the Company for the year ended 31st March 2018 and the Reports of the Board of Directors and Auditors thereon;

b. the audited consolidated financial statement of the Company for the year ended 31st March 2018 and the Report of the Auditors thereon;

be and are hereby received and adopted."

##### 2. Appointment of Director

"RESOLVED THAT Mr. S R Ramakrishnan, Director (DIN:00120126), retiring by rotation, eligible for re-appointment and having offered himself for re-appointment be and is hereby re-appointed as Director of the Company."

#### SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. T K Arun, (DIN: 02163427), pursuant to Section 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Articles of Association of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under read with Schedule IV of the Act and SEBI (Listing Obligations & Disclosure Requirements), 2015 the appointment of Mr. S Radhakrishnan (DIN: 00061723) as Independent Director of the Company and to hold office for a period

of five years from 7th February 2018 be and is hereby approved."

5. To consider and if thought fit, to pass, with or without modification, the following Resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT Mr. S Visakan, IAS (DIN: 06578414), Nominee Director of Tamilnadu Industrial Development Corporation Limited pursuant to Section 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Articles of Association of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following Resolutions as **ORDINARY RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under read with the provisions of Companies (Cost Records and Audit) Rules, 2014 including any statutory amendment(s), modification(s) and re-enactment thereof for the time being in force, the appointment of Mr. P.R.Tantri (M.No.2403) as Cost Auditor to conduct the Cost Audit pertaining to Cost Accounts and Records of the Fertilizer Division of the Company for the financial year ending 31st March, 2019, on a remuneration of ₹ 1,00,000/- (Rupees One lakh only) subject to applicable taxes and levies be and is hereby approved and ratified."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and take all steps as may be necessary, proper or expedient to give effect to the aforesaid Resolution."

7. To consider and if thought fit, to pass, with or without modification, the following Resolution as **ORDINARY RESOLUTION:**

"RESOLVED THAT the approval be and is hereby accorded pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, for the transactions considered material entered into by the Company with Wilson International Trading Pte., Ltd., Singapore, a Related Party, for purchase of raw material of value ₹35,173.79 lakhs in the ordinary course of business and at arms length basis."

- 8 To consider and if thought fit, to pass, with or without modification, the following Resolutions as **SPECIAL RESOLUTION**:

“**RESOLVED THAT** in supersession of the Special Resolution passed at the 46th Annual General Meeting held on 26th July 2017 and pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time) and SEBI Regulations, subject to such approvals, consents, sanctions and permissions, as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board), to invest in 4,68,50,000 equity shares of ₹ 10/- each of M/s. Tuticorin Alkali Chemicals and Fertilizers Limited (TFL) at par or at such price determined as per appropriate method of valuation, if applicable, arising out of conversion of outstanding unsecured loan and other receivables aggregating ₹ 29.81 Crore (Rupees Twenty Nine Crore and Eighty One Lakh) and 20,00,000 5% Redeemable Cumulative Preference Shares of ₹100/- each held by the Company, in pursuance of the Consent Affidavit given to National Company Law Tribunal as Promoter of TFL, notwithstanding that the aggregate of the loans given or guarantees provided or securities subscribed / acquired or loans / guarantees to be given and / or securities to be subscribed / acquired by the Company may collectively exceed the limits prescribed under Section 186 of the Act over and above the limits approved by the Members for investment in the securities of other body corporate(s).”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to take from time to time all decisions and such steps as may be necessary, expedient or desirable for making such investments and to execute agreements, documents, deeds, writings, papers as may be required, settle any question or doubt that may arise thereto and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate”.

- 9 To consider and if thought fit, to pass with or without modification(s), the following Resolution as **SPECIAL RESOLUTION**:

“**RESOLVED** that pursuant to Sections 185, 186 and other applicable provisions, if any of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification thereof), subject to such approvals, consents sanctions, permissions, as may be necessary, and the Articles of Association of the Company, consent of the Members of the Company be and is hereby accorded to the Board of

Directors of the Company (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) to provide security by way of pledge of equity shares held/to be held in Greenam Energy Private Limited (Greenam) for a value not exceeding ₹ 12 Crores (Rupees Twelve Crore only) in favour of Indian Renewable Energy Development Agency Limited (IREDA) and to give an Undertaking to IREDA for non-disposal of equity shares of Greenam held/to be held by the Company during the tenure of the facility and to infuse additional funds to meet the shortfall in the resources of Greenam for completing the project.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take from time to time all decisions and such steps as may be necessary, expedient or and to execute agreements, documents, deeds, writings, papers as may be required, settle any question or doubt that may arise thereto and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate.”

(By Order of the Board)

For SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LTD.

Place : Chennai  
Date : 14 June 2018

M B Ganesh  
Secretary

#### NOTES:

- (A) a. Share Transfer Register of the Company will remain closed from 1st August 2018 to 7th August 2018 (both days inclusive).
- b. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, (the Act) in respect of items 3 to 9 is annexed hereto.
- c. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) OF THE COMPANY MAY APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the AGM. Proxy forms submitted on behalf of companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Pursuant to the provisions of Section 105 of the Act, a person shall not act as a proxy for more than 50 (fifty) Members and holding in aggregate not more than 10% (ten percent) of the total share capital

of the Company carrying voting rights. However, a single person may act as a proxy for a Member holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights provided that such person shall not act as a proxy for any other person / shareholder.

- d. Members holding shares in physical form are advised to inform the Company of any change in address or demise of any Member.
- e. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) of Members holding shares in physical form and should submit self attested copy of their PAN details to the Company while sending physical share certificates for transfer / transmission.
- f. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting forms integral part of the Notice. Such Directors have furnished the requisite declarations for their appointment / re-appointment.
- g. Electronic copy of the Notice of the 47th Annual General Meeting (47th AGM) of the Company inter alia indicating the process and manner of electronic-voting (e-voting) along with Attendance Slip and Proxy Form are being sent to all the Members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 47th AGM of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy form are being sent in the permitted mode (Registered Post/ Speed Post / Courier).

Members are advised to register/update their e-mail addresses and enable the Company to send Notice, Financial Statements and other documents in electronic form.

- h. Members may also note that the Notice of the 47th AGM and the Annual Report will be available on the website of the Company.
- i. A person who has participated in e-voting is not debarred from participating in the meeting physically though he shall not be eligible to vote in the meeting again and his earlier vote cast electronically shall be treated as final. In terms of the provisions of Section 107 read with Section 109 of the Act there will be no voting by show of hands at the meeting and hence the provisions relating to demand for poll by the Members

would not be relevant. The Chairman of the meeting will regulate the meeting and voting on the resolutions in accordance with the provisions of the Act and the applicable Rules and Listing Regulations.

- j. The facility for voting through ballot paper shall be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting.
- k. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital in the Company as on 31st July 2018, the cut-off-date.
- l. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act, read with the Rules made thereunder. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled to the Company. The Nomination Form is also available in the website of the Company. Members holding shares in electronic form may contact their respective Depository Participant(s) for availing this facility.

#### **Inspection of Documents:**

All material documents relating to the items of business set out in the Notice are available for inspection by the Members at the Registered Office of the Company on all working days except Saturday and Sunday between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

#### **(B) Voting through electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing to its Members facility to exercise their right to vote at the 47th AGM by electronic means and the business may be transacted through electronic- voting services provided by CDSL.

#### **INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-**

- (i) The voting period begins on 4th August 2018 (9.00 a.m.) and ends on 6th August 2018 (5.00 p.m.). During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 31st July 2018 (cut off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date will not be entitled to vote at the meeting venue.

- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page. 4
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) 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](mailto:helpdesk.evoting@cdslindia.com).

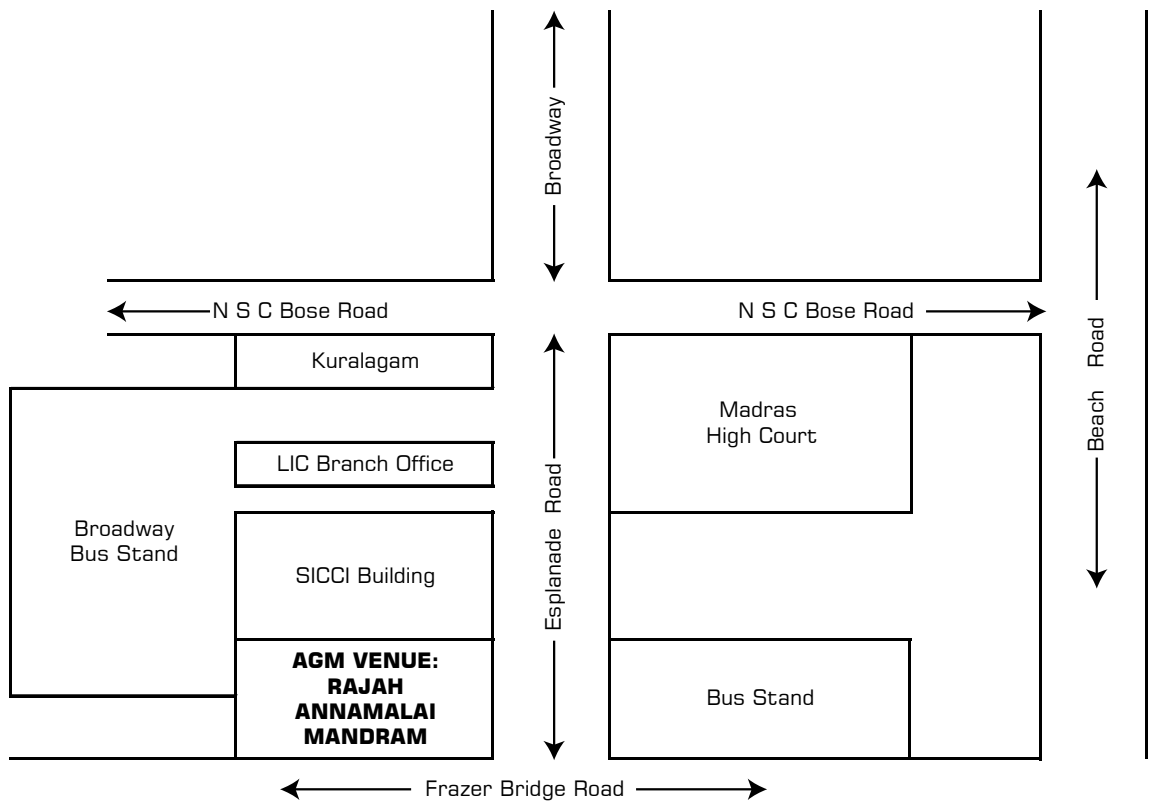


- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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](http://www.evotingindia.com), under help section or write an email to helpdesk.evoting@cdslindia.com
- (xxi) The Company has appointed M/s B Chandra & Associates Practicing Company Secretaries, Chennai as Scrutinizer for remote E-voting and to conduct poll at AGM.

### ATTENTION SHAREHOLDERS

As per latest SEBI Circular No SEBI/MIRSD/DOP1/CIR/P/2018/73 dated 20th April 2018 shareholders holding shares in Physical mode are advised to submit PAN and Bank details to the Company / RTA.

### ROUTE MAP TO RAJAH ANNAMALAI MANDRAM (AGM VENUE)



## Annexure to Notice EXPLANATORY STATEMENT

### PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following Explanatory Statement sets out the material facts referred to in Item Nos. 3 to 9 of the Notice convening the 47th AGM:

#### ITEM No. 3

The Board of Directors, at their Meeting held on 7th February 2018 on the recommendation of the Nomination and Remuneration Committee had appointed Mr. T K Arun. (DIN: 02163427), as Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act") and will hold office upto the date of this AGM. Notice proposing his candidature has been received from a Member under Section 160 of the Act. The Board recommends the resolution in relation to appointment of Mr. T K Arun as Director for approval by the Members of the Company.

#### Memorandum of Interest:

Except Mr. T K Arun, and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution.

#### ITEM No. 4

The Board of Directors, at their meeting held on 7th February 2018 on the recommendation of Nomination and Remuneration Committee had appointed Mr. S Radhakrishnan (DIN: 00061723) as Independent Director for a period of five years from 7th February 2018 pursuant to applicable provisions of the Act and the SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 (LODR). In the opinion of the Board, Mr. S Radhakrishnan fulfils the conditions specified in the Act, and LODR for appointment as an Independent Director of the Company and is independent of the Management. Notice proposing his candidature has been received from a Member under Section 160 of the Act. The Board recommends the resolution seeking approval of the Members for the appointment of Mr. S Radhakrishnan as an Independent Director.

#### Memorandum of Interest:

Except Mr. S Radhakrishnan, and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution.

#### ITEM No. 5

The Board of Directors, in their resolution dated 13th June 2018 on the recommendation of the Nomination and Remuneration Committee had appointed Mr. S Visakan, I.A.S. (DIN: 06578414), nominee of Tamilnadu Industrial Development Corporation Ltd. (TIDCO) as Additional Director of the Company pursuant to Section 161 of the Companies Act, 2013 ("the Act") and will hold office upto the date of this AGM. Notice proposing his candidature has been received from TIDCO under Section 160 of the Act. The Board recommends the Resolution in relation to appointment of Mr. S Visakan IAS as Director for approval by the Members of the Company.

#### Memorandum of Interest:

Except Mr. S Visakan, IAS and his relatives and Mr. B Elangovan, Nominee Director of TIDCO, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution

#### ITEM No. 6

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on 17th May 2018 appointed Mr. P.R. Tantri, Cost Accountant, (M. No 2403) as Cost Auditor at a remuneration of ₹1,00,000/- (Rupees One lakh only) subject to applicable tax and levies to conduct the cost audit of the cost accounts and records of the Fertilizers Division of the Company for the financial year ending 31 March, 2019. In accordance with the provisions of Section 148 of the Act, and the Rules made thereunder, the remuneration payable to the Cost Auditor shall 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. 6 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31 March, 2019.

#### Memorandum of Interest:

None of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution.

#### ITEM No. 7

During the year 2017-18, the Company had purchased raw materials from M/s. Wilson International Trading Pte Limited, Singapore for ₹ 35,173.79 lacs (including demurrage charges) in the ordinary course of business and at arm's length basis. The transaction is considered material pursuant to Regulation 23 the SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015 (LODR) and hence the proposed Ordinary Resolution seeking approval of the Members. The transaction was earlier approved by the Audit Committee / Board of Directors as required under the Company's Policy on Related Party Transactions. As per LODR, all Related Parties shall abstain from voting on the resolution seeking approval of Members. Wilson International Trading Pte Limited, Singapore do not hold any shares in the Company.

The Board recommends the Ordinary Resolution seeking consent of the Members as set out at Item No.7 of the Notice for having entered into transactions with a Related Party.

#### Memorandum of Interest:

Except Mr. Ashwin C Muthiah, Chairman and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution

## ITEM No. 8

The Board of Directors at their Meeting held on 7th February 2018 had approved the request of Tuticorin Alkali Chemicals and Fertilizers Limited (TFL) for conversion of unsecured loans, outstanding dues payable to SPIC and the 20,00,000, 5% Redeemable Cumulative Preference Shares of ₹ 100/- each held by SPIC, all into 4,68,50,000 equity shares of ₹10/- each at par subject to various statutory approvals and to execute a consent affidavit to the NCLT.

The Scheme envisaging conversion into equity shares of TFL was based on the directions of BIFR. Consequent upon dismantling of BIFR, the matter was referred to National Company Law Tribunal (NCLT). Hence, TFL has approached NCLT seeking directions for converting the money brought in by promoters and the Preference Shares held by them into equity shares.

The aggregate amount of investments so far made along with the proposed investment in TFL would be in excess of the limits the Board is authorised to invest. Hence pursuant to Section 186 and other applicable provisions of the Act, approval of the Members is sought for the proposed investment.

The Board recommends the Special Resolution seeking consent of the Members for investing in the securities of TFL, an Associate and therefore a Related Party.

### Memorandum of Interest:

Except Mr. B Narendran and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution.

## ITEM No. 9

The Board of Directors of the Company at their Meeting held on 17th May 2018, subject to approval of shareholders

had approved the proposal of pledging the Equity Shares held/to be held in Greenam Energy Private Limited (Greenam) for a value not exceeding ₹12 Crores (Rupees Twelve Crore Only) in favour of Indian Renewable Energy Development Agency Limited (IREDA) to secure the term loan of ₹ 88 Crores sanctioned by IREDA to Greenam Energy Private Limited (Greenam) and to execute an undertaking in favour of IREDA for (a) non - disposal of such Equity Shares during the tenure of the facility and (b) to meet any shortfall in resources of the Greenam for completing the project.

The aggregate amount of investments so far made by the Company and the security to be given by way of pledge of equity shares of value not exceeding ₹ 12 Crores is in excess of the limits the Board is authorised to give under Section 186 of the Act. Hence the proposed resolution seeking approval of the Members.

The Board recommends the Special Resolution seeking consent of the Members for pledging the Equity Shares up to an aggregate amount not exceeding ₹ 12 Crores, execute Undertaking for non-disposal of equity shares and to meet any shortfall in the resources of Greenam for completing the project.

### Memorandum of Interest:

Except Mr. S R Ramakrishnan, Whole-time Director and his relatives, none of the Directors, Key Managerial Personnel of the Company and their relatives is interested in this Resolution.

(By Order of the Board)

For SOUTHERN PETROCHEMICAL  
INDUSTRIES CORPORATION LTD.

Place : Chennai  
Date : 14 June 2018

M B Ganesh  
Secretary

## Details of the Directors seeking appointment/re-appointment at the 47th Annual General Meeting

### [Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### MR. S R RAMAKRISHNAN

Mr. S R Ramakrishnan, (DIN: 00120126) aged 69 years, is B.Tech (Chem) from IIT Madras. He joined SPIC in 1972 and worked in various departments including operation, process engineering, Technical services, R&D, Corporate Planning, etc. He is a Director of The Fertiliser Association of India, SPIC Officers and Staff Welfare Foundation and Greenam Energy Private Limited and not a Member of any Committee of other companies. Does not hold any equity shares in the Company and there is no relationship between the Directors inter-se.

#### MR. T.K. ARUN

Mr. T K Arun, 58, (DIN: 02163427), holds a Bachelor's Degree in Commerce and is an Associate Member of the Institute of Company Secretaries of India, New Delhi. He retired on 31st October 2017, as the Senior General

Manager and Secretary of TIDCO, wholly owned by the Government of Tamil Nadu and during his tenure with TIDCO he had served as Nominee Director of many companies assisted by TIDCO such as Titan Company Limited, Southern Petrochemical Industries Corporation Limited, Tamilnadu Petroproducts Limited, Ascendas IT Park Chennai Limited (Ascendas), Tanflora Infrastructure Park, Limited, TIDEL Park Limited, Titan Time Products Ltd., TRIL Info Park Limited, Tamil Nadu Road Development Company Limited and Manali Petrochemicals Limited. He was Member of Audit Committee and various other committees of the said companies.

Has experience in investment promotion and project development in sectors like ports, water supply and infrastructure. He has wide experience in commercial negotiations, contracting and contract management, structuring of PPP infrastructure projects in Ports, roads

and IT sectors, procurement of developers for PPP projects, Management of PPP contracts, management of project contracts including financing, concession documents, arbitration and conciliation proceedings and asset re-structuring.

Presently he is advising established corporates on legal, administrative and governance processes. He does not hold any shares in the Company and there is no relationship between the Directors inter-se.

## **MR. S RADHAKRISHNAN**

Mr. S Radhakrishnan, (DIN: 00061723) aged around 67 years, is a Mechanical Engineer from Madras University. He joined SPIC in 1973 and retired from SPIC in 2008. Has experience of over 43 years in the areas of Engineering, Procurement, Construction, Commissioning, Operation, Maintenance, Inspection, Technical Services, Project Execution & Management and Contracting in Power, Oil & Gas, Chemical & Petrochemical, Fertilizer and other industrial sectors in India, Middle East and Singapore holding key management positions.

He has held Directorship in Technip India Limited, Indo Jordan Chemicals Limited – Jordan, Industries Chimiques Du Senegal S.A – Senegal, The Fertiliser Association of

India, National Aromatics and Petrochemicals Corporation Limited, SPIC Petrochemical Limited, EDAC Automation Limited, EDAC staffing Solutions Private Limited and EDAC Engineering (S) Private Limited, Singapore and EDAC Universe Pvt Limited – Singapore. Currently he holds directorship in Rivolu Software Pvt Limited.

He also holds accreditation as Associate faculty of Risk Management conferred by British Safety council, London. He holds 450 equity shares in the Company and there is no relationship between the Directors inter-se.

## **MR. S VISAKAN, IAS.**

Mr. S Visakan I.A.S, (DIN: 06578414), aged 47, holds B.E and MBA degrees. He is a 2014 batch IAS Officer who has held many key positions in various departments in the Government of Tamil Nadu . At present he serves as Executive Director of Tamilnadu Industrial Development Corporation Limited. At present he is also Director of Tamilnadu Polymer Industries Park Limited and Tamilnadu Petroproducts Limited. He does not hold any shares in the Company and there is no relationship between the Directors inter-se.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Directors present their 47th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2018.

### FINANCIAL SUMMARY

	(₹ in crores)	
Particulars	31.03.2018	31.03.2017
Revenue from Operations	1994.46	1502.43
Add: Other Income	4.92	13.79
Total Income	1999.38	1516.22
Profit before interest, depreciation and tax	115.77	67.75
Less: Finance Cost	40.88	10.57
Less: Depreciation & amortisation expenses	40.11	30.83
Add: Exceptional Items	2.44	-
Profit Before Tax	37.22	26.35
Less: Tax Expenses	-	-
Profit After Tax	37.22	26.35
Add : Net Comprehensive Income/(loss)	0.24	2.08
Total Comprehensive Income	36.98	28.43

### DIVIDEND

In view of the accumulated losses, the Board of Directors are unable to recommend dividend on the Preference Share Capital and Equity Share Capital of the Company.

### STATE OF COMPANY'S AFFAIRS

#### Production

During the year under review, the plants were in operation between 1st April '17 to 11th January '18 and from 11th February '18 onwards. The shutdown of plants for 31 days during January and February '18 was for Annual Turnaround Maintenance, undertaking repairs of essential equipments and maintenance activities to improve the reliability and energy efficiency levels for sustained production. Your Company produced 100% neem coated Urea and achieved 6,58,892 MTs during 2017-18 compared to 5,62,670 MTs in the previous year. During the year, sale of Manufactured Urea was 6,62,074 MTs and sale of Imported Urea was 79,189 MTs.

Your Company has achieved the energy efficiency levels of 6.834 GCal/MT of Urea as against 6.664 GCal/MT. The plants were operated using mainly imported Naphtha and Furnace Oil.

#### Handling of Imported Urea:

Government of India allotted SPIC, two coastal ports namely Karaikal and Tuticorin for handling Imported Urea in the previous year. Your Company has handled 50,800 MTs of Imported Urea during the financial year 2017-18.

#### Working Capital :

During the year under review, Rupee denominated (unsecured) Masala Bonds as per RBI Guidelines were subscribed for an aggregate value of ₹ 128.66 crores carrying 9% interest p.a. by one of the Related Parties. This was pursuant to a Program Agreement dated 10 November 2016. This facility helped achieve the targeted production.

#### Progress in conversion of ammonia plant from naphtha to gas:

Good progress has been made by Indian Oil Corporation, authorized to lay the Natural Gas Pipeline from Ennore to Tuticorin, in terms of engineering, procurement and necessary approvals for laying the first stage of the gas pipeline from Ramnad to Tuticorin. Your Company continues to be in the state of readiness to complete the process as and when gas connectivity is established.

With the New Urea Policy 2015, revised target energy norm was set to become 6.5 Gcal/MT from 1st April 2018. To adhere to the policy, various energy saving measures are being designed, engineered and implemented with Natural Gas and dual feedstock option.

The Cabinet Committee on Economic Affairs chaired by the Prime Minister Shri Narendra Modi, in late March 2018 has accorded the following approval to the proposal of Department of Fertilizers:

- The Target Energy Norms under New Urea Policy-2015(NUP-2015) for 11 urea units to be implemented w.e.f. 1st April, 2018.
- The extension of present energy norms with token penalties, under the New Urea Policy-2015 for a further period of two years for 14 urea manufacturing units which failed to achieve the Target Energy Norms.
- Three Naphtha based urea units of which your Company is one, are also allowed the existing energy norms for another two years/till gas pipeline connectivity.
- The target energy norms as per NUP-2015 will be continued for 5 years w.e.f. 1st April, 2020.

The extension of present energy norms for further period of 2 years will ensure easy availability of urea to farmers throughout the country. It will also help to maximize the indigenous urea production and will lessen the import of urea.

#### Handling of Imported Naphtha Shipments

SPIC has signed a Hospitality Agreement with IOC for a period of two years for using their Tank farm facility at Tuticorin Port premises for handling a part of SPIC's Imported Naphtha shipments. This has facilitated SPIC for faster discharge of cargo and thereby minimizing the ship demurrage to a large extent.

## SPIC PROJECTS STATUS

### AMMONIA PLANT DCS UPGRADATION:

Conversion of Ammonia plant Centum XL DCS to latest state of art technology Centum VP DCS and August PLC system to Pro safe PLC system has been completed. New DCS will also accommodate NG usage as and when gas is made available.

### AMMONIA PLANT ENERGY REDUCTION PROJECT

Detailed engineering is being carried by M/s. TECHNIMONT. Procurement is being carried out for the project activities.

Erection of NG lines to reformer, boiler & dual burner for auxiliary boiler north has been completed.

### LNG FACILITY: Supply of 200 MTPD LNG TO SPIC Plant.

Land Soil Testing has been completed and civil construction is being started.

### UREA PLANT REACTOR

Replacement of Urea reactor with new reactor with improved material of construction and high efficiency trays is in progress. The new reactor, ordered on M/s. STAMI CARBON, is expected to arrive at site by November 2018.

### PUBLIC DEPOSITS

There are no deposits covered under Chapter V of the Companies Act, 2013 (the Act) during the year 2017-18 the details of which are required to be furnished.

### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with Ind AS and forms part of the Annual Report.

### FINANCIAL STATEMENTS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's subsidiaries, associates and joint ventures (in Form AOC-1) is attached to the Financial Statements. During the year under review, M/s Greenam Energy Private Limited became an Associate Company.

### Tamilnadu Petroproducts Limited (TPL)

During the year under review, revenue from operations was ₹1081.83 crores compared to ₹1007.58 crores in 2016-17. The Net profit for the year was ₹46.71 crores against ₹9.30 crores in the previous year. Though TPL is facing stiff competition from imports, various steps have been taken to improve the performance which have started showing results. The significant improvement in profitability was on account of the improved productivity and realizations from both LAB and Heavy Chemicals Division.

### Tuticorin Alkali Chemicals And Fertilizers Limited (TFL)

The turn over continued to be low for the financial year 2017-18 at ₹138 crores due to low CO<sub>2</sub> internal generation from the newly installed CO<sub>2</sub> recovery unit and non availability of CO<sub>2</sub> gas from SPIC. The problems for the low CO<sub>2</sub> recovery from the flue gas were identified and are being attended continuously and it is expected that the production will be improved to the required level by end of the Q1 of 2018-19.

The loss for the year hence is high at ₹45 crores. The water shortage has been brought under control by recovering water from the sea water pumped to the salt fields of the company which also improved the salt production. The Draft Rehabilitation Scheme earlier submitted to BIFR is currently under the consideration of National Company Law Tribunal. As per their direction the issue has been referred to SEBI for exemptions for the conversion of the assistance received from the promoters into equity capital and an EGM was held in this regard on 10th April, 2018.

### Greenam Energy Private Limited (GREENAM)

Greenam Energy Private Limited (Greenam) which is setting up a Floating Solar Power Project of capacity 24.7 MW DC in the water reservoirs of the Company at Tuticorin, has been sanctioned a term loan ₹88 crores by M/s Indian Renewable Energy Development Agency Limited (IREDA) for the Project. Infusion of Promoters' contribution is one of the conditions precedent for disbursement of loan by IREDA. An agreement will be entered into by the Company with Greenam, permitting them to use the Company's reservoir for the Project and for usage of certain portion of land for installing inverters, transformers and Power evacuation systems. The Project activities are progressing and the commissioning is expected by May 2019.

### SAFETY, HEALTH AND ENVIRONMENT

Adequate care and attention have been bestowed on matters relating to safety, health and environment in the plant. Your Company is certified with the latest version of QMS - ISO 9001:2015 and EMS - ISO 14001:2015 Standards and has received two safety awards from the Government of Tamilnadu.

Your Company continues to conduct health camps as an ongoing activity to create awareness on critical health related matters viz., eye camps and cancer / diabetes awareness. Similarly, Green Belt development is also a continuing activity with tree planting given top most importance. Your company has installed online continuous emission monitoring for Urea Prilling tower and complied with the guidelines of CPCB.

### HUMAN RESOURCE AND INDUSTRIAL RELATIONS

Your Company continues to provide a conducive work environment and opportunities for development of its employees. Industrial Relations in the Company have been cordial during the year under review. The number of employees as on 31st March, 2018 is 647. In addition, 90 candidates were selected during the year in Campus Hiring program.

### EXTRACT OF ANNUAL RETURN

Form MGT-9 as on 31st March 2018 as required under Section 92 of the Act is given in Annexure I to this Report.

### DIRECTORS

Mr. M S Shanmugam, IAS, TIDCO Nominee, ceased to be a Director under Section 167 (1) (b) of the Companies Act, 2013 with effect from 30th November 2017. Mr. T K Arun, TIDCO Nominee, resigned from the Board with effect from 16th November 2017 consequent to his attaining superannuation.

At the Board Meeting held on 7th February 2018, with a view to broad base the Board it was decided to induct professionals with expertise in the field of Fertilizers and having vast experience in various disciplines of Corporate Management / Governance. Mr. T K Arun was inducted as Non Executive / Non Independent Director and Mr. S Radhakrishnan was inducted as an Independent Director of the Company based on the recommendation of the Nomination and Remuneration Committee. The appointment of Mr. S Radhakrishnan is for a period of 5 years from 7th February 2018. Approval of the shareholders is being sought at this Annual General Meeting for the appointment of Mr. T K Arun as Director liable to retire by rotation and Mr. S Radhakrishnan as Independent Director. The Board of Directors had appointed Mr. S Visakan IAS, Nominee of TIDCO as Additional Director of the Company effective 13 June 2018.

Mr. S R Ramakrishnan as Director, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

All the Independent Directors of the Company on the date of this Report have duly submitted the disclosures to the Board stating that they have fulfilled the requirements set out in Section 149 (6) of the Act and the Listing Regulations, so as to qualify themselves to act as Independent Directors.

#### **TRANSFER OF SHARES IN RESPECT OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY**

Section 124 (6) of the Companies Act 2013 read with The Investor Education and Protection fund (Awareness and Protection of Investor) Rules 2001 the Company after giving due notice in writing to the shareholders, whose shares remained unclaimed were transferred to IEPF Authority. 1,66,454 equity shares in respect of 1008 shareholders were transferred and Corporate action taken in this regard has been informed through CDSL.

#### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

Independent Directors are familiar with their roles, responsibilities in the Company, nature of the industry, business model etc., through familiarisation programmes, Documents / Brochures, Reports and Internal Policies of your Company provided to them. Presentations are made at the Board / Committee Meetings, on Company's Performance, business strategy, risks involved and global business environment. Details of means of familiarization of the business to Independent Directors are disclosed on the Company's website under the following web link: <http://spic.in/wp-content/uploads/policies/Familiarisation-Program-for-Independent-Directors.pdf>

#### **KEY MANAGERIAL PERSONNEL**

Mr. S R Ramakrishnan was re appointed as Whole-time Director for a period of 3 years with effect from 30th July 2017 and approval of shareholders was obtained for re-appointment at the 46th Annual General Meeting held on 26th July 2017.

#### **PARTICULARS OF REMUNERATION OF DIRECTORS, KMP AND EMPLOYEES**

The information required under section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2018 and forming part of this Report is given in Annexure III to this Report.

#### **STATUTORY AUDITORS**

In line with the policy on rotation of Auditors introduced in the Companies Act, 2013 (Act), the Shareholders at the 46th AGM held on 26th July 2017 approved the appointment of MZSK & Associates (presently known as M/s. MSKA & Associates), Chartered Accountants, Chennai as Statutory Auditors of the Company for a period of 5 years from 2017-18 and to hold office until the conclusion of 51st AGM of the Company subject to ratification at every AGM on such remuneration as may be decided by the Board of Directors. The Act has been amended effective 7th May 2018 deleting the provision relating to ratification of appointment by shareholders at every subsequent AGMs. Hence, seeking ratification of shareholders would not arise.

#### **COST AUDITOR**

Mr. P R Tantri, Cost Accountant (M. No. 2403) was appointed as the Cost Auditor of the Company for 2017-18 to carry out the audit of your Company's Cost Accounts and Records of fertilizer business. The Cost Audit Report for the year ended 31st March 2017 was filed within the time stipulated under the Act. The Board of Directors at their meeting held on 17th May 2018, on the recommendation of the Audit Committee, have re-appointed Mr. P R Tantri, Cost Accountant as Cost Auditor for 2018-19 at a remuneration of ₹1,00,000/- plus reimbursement of actual out-of-pocket expenses. As required under Section 148 of the Act and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, ratification by Members is sought for the payment of remuneration to the Cost Auditor.

#### **SECRETARIAL AUDIT REPORT**

In terms of Section 204 of the Act, and the Rules made thereunder, your Company has appointed Ms. B Chandra, Practising Company Secretary, Chennai as Secretarial Auditor. The Secretarial Audit Report as furnished is given as Annexure IV to this Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in the Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions contained in Section 134 (3) of the Act, your Directors to the best of their knowledge and belief and according to information and explanations obtained from the management confirm that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable IND AS had been followed along with proper explanation relating to material departures;
- (b) they have 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 as at March 31, 2018 and of the profit of the Company for the year ended on that date;

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) they have laid down proper internal financial controls to be followed by the Company and such controls are adequate and operating effectively;
- (f) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loans or guarantees were given by the Company under Section 186 of the Act during the year under review. Your Company invested in 1,86,000 equity shares of ₹ 10/- each of OPG Power Generation Pvt Ltd @ ₹ 11.50 /- per share in order to qualify as captive user under Group Captive Scheme of the Electricity Rules, 2005. Further 2 equity shares of ₹ 10/- each at par were invested in M/s. Greenam Energy Private Limited, which is setting up a 24.7 MW DC solar project at an estimated cost of ₹ 136 Crores.

## RELATED PARTY TRANSACTIONS

The transactions entered into during the financial year with Related Parties as defined under the Act were in the ordinary course of business and at arm's length basis. Details of contracts / arrangements with related parties as required under Section 188 (1) and 134 (h) of the Act have been disclosed in Form AOC-2 and is attached as Annexure VI. As required under Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, approval of the Members is being sought at this Annual General Meeting for the transactions with Related Parties considered material in nature.

## MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes or commitments affecting the financial position of your Company that has occurred between the end of the financial year i.e., 31st March 2018 and the date of this Report.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### Conservation of Energy

Your Company has an Energy Audit group, which identifies potential areas for improvement, scans the environment for innovative and reliable solutions and considers proposal

for implementation. Efforts are continuously being taken to reduce energy consumption in the plants.

### Some of the activities implemented during the year:

- As energy conservation activity, Primary Reformer and High Temperature Shift I bed catalyst were completely renewed with new catalyst in Ammonia plant.
- To avoid energy loss through the heat exchangers, several exchangers re-tubed / replaced.
- Boiler (North) Burners was replaced with Dual fired burners as part of NG conversion.
- To reduce the energy loss and improve the performance, Cold Air heater tubes in Boiler (North) & (South) were renewed. Additional Steam Generation Unit Air Preheater tubes were renewed.
- Performance of all pumps and compressors were studied with our energy Audit group. Various energy saving technologies like provision of VFD, speed reduction, impeller trimming and smoothening the fluid passage with special coatings were implemented.
- Steam system audit were carried out periodically and the faulty traps and leaks has been addressed immediately.

### Technology Absorption - Nil

### Foreign Exchange Earnings and Outgo:

The foreign exchange earned in terms of actual inflows and the foreign exchange outgo in terms of actual outflows during the year:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Foreign Exchange earnings	16.14	153.84
Foreign Exchange expenditure	1,38,551.44	1,14,864.79

## INTERNAL FINANCIAL CONTROL & RISK MANAGEMENT SYSTEM

Your Company has adequate internal financial control systems to monitor business processes, financial reporting and compliance with applicable regulations. The systems were reviewed by Internal Auditors and reported to the Audit Committee of the Board, for identification of deficiencies and necessary time bound actions were taken to improve efficiency at all levels. The Committee also reviews the internal auditors' report, key issues, significant processes and accounting policies.

Risk Management is an integral part of the business process. The Company has a Risk Management Committee and a Policy on Risk Management to identify and draw mitigation plans to manage risk. The Audit Committee of the Board reviews the risk management report periodically.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.



## **CORPORATE GOVERNANCE**

Corporate Governance Report 2017-18 along with the Certificate of the Statutory Auditors, M/s. MSKA & Associates, Chartered Accountants, confirming compliance to conditions of Corporate Governance as stipulated in the Listing Regulations forms part of this Report.

## **PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS**

Your Company has a structured framework for evaluation of the Individual Directors, Chairperson, Board as a whole and its Committees. The Independent Directors at their Meeting held on 7th February 2018 evaluated the performance of Non-Independent Directors, Board as a whole, Chairperson and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Board of Directors at their Meeting held on 17th May 2018 evaluated the performance of all Directors and the Board as a whole and its Committees through circulation of questionnaires, to assess the performance on select parameters relating to roles, responsibilities and obligations of the Board and functioning of the Committees. The evaluation criteria was based on the participation, contribution and guidance offered and understanding of the areas which are relevant to the Directors in their capacity as Members of the Board/ Committees.

## **NUMBER OF MEETINGS OF THE BOARD**

During the year under review, four Board Meetings were held on 18th May 2017, 7th September 2017, 4th December 2017 and 7th February 2018, the details of which are provided in the Corporate Governance Report.

## **AUDIT COMMITTEE**

The details of the composition and meetings of the Audit Committee held are provided in the Corporate Governance Report.

## **POLICIES**

### **POLICY ON MATERIAL SUBSIDIARY**

The Board had approved the Policy on Material Subsidiary as per the Listing Regulations and is available on the Company's website under the web link: <http://spic.in/wp-content/uploads/policies/Determining-Material-Subsidiary-Policy.pdf>.

### **NOMINATION AND REMUNERATION POLICY**

Your Company has a Nomination and Remuneration Policy as required under Section 178(3) of the Act and the Listing Regulations. The details of the Policy are given in Annexure II to this Report.

### **POLICY ON RELATED PARTY TRANSACTIONS**

The Policy on Related Party Transaction as required under the Listing Regulations is available on the Company's website under the weblink: <http://spic.in/wp-content/uploads/policies/Policy-on-Related-Parties.pdf>.

### **POLICY ON INSIDER TRADING**

Your Company has a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities

by the Directors and designated employees of the Company in line with SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **POLICY ON SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013. (POSH)**

The Company has zero tolerance for sexual harassment at workplace. A policy is in place and an Internal Complaints Committee has been constituted which is monitoring the prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of POSH and the Rules made there under. There were no complaints reported under the POSH during the year under review.

## **VIGIL MECHANISM:**

Pursuant to the provisions of Section 177 of the Act and the Listing Regulations, Whistle Blower Policy for Directors and employees to report genuine concerns or grievances has been put in place and a Vigil Mechanism established, the details of which are available on the website of the Company under weblink: <http://spic.in/wp-content/uploads/policies/Whistle-Blower-Policy-and-Vigil-Mechanism.pdf>.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company has a CSR Policy in line with the provisions of the Act. As a responsible corporate citizen, your Company in its endeavour to contribute for the sustained development and growth of the Society has taken several initiatives. Your Company is not required to spend towards CSR activities, in view of absence of profits computed under Section 198 of the Act. However, the details of CSR initiatives undertaken voluntarily by your Company are given in Annexure V to this Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

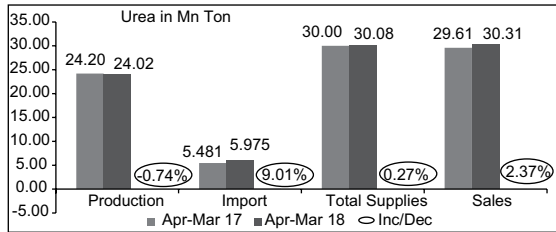
### **Industry Overview**

The year 2017-18 witnessed normal to excess monsoon all over the country which resulted in good crop coverage. The rainfall received in June-July was around 65-80% only and the distribution of rainfall was not uniform which has resulted in crop failures in some areas in Karnataka, Andhra Pradesh and Tamil Nadu.

During the fiscal year 2017-18, the indigenous production, imports, and sale of Urea was marginally higher than that of the previous year. India produced a total of 24.024 million ton of Urea, which is 0.7% lesser than the production recorded during the previous year. The import of Urea under Government of India account during the year stood at 5.975 million ton which is 9% higher than the last year. The total supplies to the market stood at 30.08 million ton which is more or less equal to the previous year. The sale of urea during the year recorded 30.311 million ton which is 2.4 % higher than that of the previous year. (Source: Ministry of Chemicals and Fertilizers, Government of India).

The capacity utilization of Urea has declined marginally from 103% to 102% during the year under review. As a result, the stocks available in the market had decreased to 1.026 million tonnes, which is 23.25% lesser than that of the previous year.

## Comparison of All India Urea Production, Import, Supplies and Sales with previous year.



As per Government of India directives, we have started packing Indigenous Neem Coated Urea in 45 kg bags with effect from 16th March 2018.

### DBT In Fertilizers:

The objective of Direct Benefit Transfer (DBT) by Govt. of India is an initiative to avoid diversion of subsidized fertilizers to non-agricultural purposes and also to identify the end user which will enable smooth transfer of concession/benefits directly to consumer as in cooking gas concessions.

The GOI has successfully completed the implementation of Pan-India rollout of Phase-1 of DBT in Fertilizers on 1st March 2018. In Southern States their roll out happened from 1st January 2018.

SPIC, being LFS for Tamilnadu and Pondicherry States has successfully deployed 11,524 devices across the State along with 11 Fertilizer companies and State Agriculture Department officials.

Based on this, all Fertilizer Companies will get the concession for subsidized Fertilizers when sold and recorded through the POS Devices. As a result, the receipt of concession will happen as and when the sale of Fertilizer happen to the consumer. Since Fertilizer business being seasonal and closely associated with monsoon showers, sale of fertilizers and receipt of concession will not be uniform over the months, which will necessitate enhanced requirement of funds as working capital to sustain the operations.

### Challenges in the new situation

Aadhar identification is the basis of sale process through Point of Sales (PoS). In most of the rural locations, this process fails or delays due to network and power issues. Any sale which happens without involving POS devices will not be recorded to permit the concession of a particular company. In this situation, all fertilizer companies are employing additional manpower at District and Taluk levels to monitor the physical stock and PoS device stock to ensure 100% sale happening through PoS Device.

We are also in the process of identifying resources to be deployed in rural locations to follow up the stock positions and sales at the retail centers to ensure the generation of subsidy bills in time.

### Tissue Culture Business:

The turnover for the financial year 2017-18 was ₹817 Lacs. The unit recorded the highest number, i.e., 36.59 lakh banana Plant sales during 2017-18 after an achievement of 29.74 plants in 2005-06.

For the first time, explored export opportunities and exported 42,500 nos. hardened Gerbera plants to Nepal. Trial shipments of Ex-Agar Gerbera plants to Netherlands and Dubai are on the cards.

### New Business Development:

SPIC ABC has signed MOU with ICAR-CPCRI, Kasargod, Kerala for technology transfer and started production of the following business:

- Tissue Culture Arecanut Production – Production of Arecanut plants through Tissue Culture Technology.
- Vermi Compost Production from fallen coconut leaves.
- Production of Vermi Compost from waste coir pith.

### CHALLENGES

As mentioned in the last year's report, the completion of gas pipeline infrastructure by IOC and steady supply of gas are important requirements for stable operation of your Company. The working capital pressures will continue to be a challenge till the GST refund from both the Center and the State is streamlined and the DBT scheme gets fully stabilized in the market place.

### ACKNOWLEDGEMENT

Your Company is grateful for the co-operation and continued support extended by the Department of Fertilizers, Ministry of Chemicals and Fertilizers, Ministry of Petroleum and Natural Gas, Ministry of Agriculture, Ministry of Shipping, Ministry of Corporate Affairs and other Departments of the Central Government, the Government of Tamilnadu, Governments of other States, Tamilnadu Industrial Development Corporation Limited, Tamilnadu Generation and Distribution Corporation Ltd, Financial Institutions and Banks. The Directors appreciate the dedicated and sincere services rendered by all the employees of your Company.

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**

Place : Chennai

(DIN:00255679)

Date : 14 June 2018

Chairman

### Cautionary Statement:

This Report is based on information available to the Company in its business and assumptions based on the experience in regard to domestic and global economic conditions and Government and regulatory policies. The performance of the Company is dependent on these factors. It may be materially influenced by macro environment changes, which may be beyond Company's control, affecting the views expressed or perceived in this Report.

**MGT - 9**

**EXTRACT OF ANNUAL RETURN** as on the close of the financial year ended 31st March 2018

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

**I. REGISTRATION AND OTHER DETAILS:**

- (i) CIN : L11101TN1969PLC005778
- (ii) Registration Date : 18 Dec 1969
- (iii) Name of the Company : Southern Petrochemical Industries Corporation Limited
- (iv) Category / Sub-Category of the Company : Company limited by Shares / Indian Non-Government Company
- (v) Address of the Registered office and contact details : “SPIC House” No 88 Mount Road, Guindy, Chennai 600 032.  
website:www.spic.in, E-mail : spiccorp@spic.co.in  
Phone: 044-22350245
- (vi) Whether listed company : Yes
- (vii) Name, Address and Contact details of Registrar & Transfer Agent, if any : M/s Cameo Corporate Services Ltd, “Subramania Building”  
No 1 Club House Road, Chennai 600002.  
Ph: 044-28460390; E-mail: cameo@cameoindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

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

S. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	UREA	20121	99%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tuticorin Alkali Chemicals & Fertilisers Limited	L24119TN1971PLC006083	Associate	45.15	2(6)
2	Gold Nest Trading Company Limited	U65933TN1983PLC009993	Associate	32.76	2(6)
3	National Aromatics and Petrochemicals Corporation Limited	U11101TN1989PLC017403	Joint venture	50.00	2(6)
4	Tamilnadu Petroproducts Limited	L23200TN1984PLC010931	Joint venture	16.93	2(6)
5	Greenam Energy Private Limited	U40300TN2017PTC115941	Associate	20.00	2(6)

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

### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	45450	-	45450	0.02	45450	-	45450	0.02	-
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	8840000	-	8840000	4.34	8840000	-	8840000	4.34	-
(d) Bodies Corp.	72170709	695704	72866413	35.78	72866263	150	72866413	35.78	
(e) Banks / FI	-	-	-	-					-
(f) Any Other	-	-	-	-					-
Sub-Total (A) (1)	81056159	695704	81751863	40.14	81751713	150	81751863	40.14	-
<b>(2) Foreign</b>									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	18914775	-	18914775	9.29	18914775	-	18914775	9.29	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	18914775	-	18914775	9.29	18914775	-	18914775	9.29	-
Total Shareholding of Promoter	99970934	695704	100666638	49.43	100666488	150	100666638	49.43	-
(A) = (A (1) + (A) (2))									
<b>(B) Public Shareholding</b>									
(1) Institutions	-	-	-	-	-	-	-	-	-
(a) Mutual Funds	900	9900	10800	0.01	900	9900	10800	0.01	-
(b) Banks/FI	5104143	19400	5122543	2.51	5251273	18300	5269573	2.59	0.08
(c) Central Govt	-	-	-	-	166454	0	166454	0.08	0.08
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	304220	-	304220	0.15	0	550	550	0.00	0.15
(g) FIs	1851413	8150	1859563	0.91	0	8150	8150	0.00	0.90

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	7260676	37450	7298126	3.58	5418627	36900	5455527	2.68	0.90
(2) Non- Institutions	-	-	-	-	-	-	-	-	-
(a) Bodies Corp	-	-	-	-	-	-	-	-	-
i. Indian	7328213	942859	8271072	4.46	28489253	1546076	30035329	12.55	8.09
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual share holders holding nominal share capital up to ₹ 1 lakh	29502876	4098712	33601585	16.49	26132703	2936410	29069073	14.27	2.22
ii. Individual share holders holding nominal share capital in excess of ₹ 1 lakh	42709359	144000	42853359	21.04	17819037	-	17819037	8.75	12.29
C) Others									
(a) Clearing Member	368417	0	368417	0.18	2044561	0	2044561	1.00	0.82
(b) NRIs	1209414	512746	1722160	0.84	1537375	12746	1550121	0.76	0.08
(c) OCBs	39150	650	39800	0.02	39150	650	39800	0.02	0.00
(d) Trusts	23451	-	23451	0.01	18450	-	18450	0.01	0.01
<b>Sub Total (B) (2)</b>	73852664	4756108	78608772	38.60	76080529	4495882	80576371	37.37	1.22
<b>Total Shareholding of Public = (B) (1) + (B) (2)</b>	81113340	4796558	85906898	42.18	58302823	27692175	86031898	42.25	0.07
C. Shares held by custodian for GDRs & ADRs	17066800	-	17066800	8.38	16941800	0	16941800	8.13	0.25
<b>Grand Total (A+B+C)</b>	<b>198151074</b>	<b>5489262</b>	<b>203640336</b>	<b>100.00</b>	<b>175911111</b>	<b>27729225</b>	<b>203640336</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters:

S. No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of Change during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Directors & Relatives	45450	0.02	0.00	45450	0.02	0.00	0.00
2	FICON Holdings Limited	15682775	7.70	0.00	15682775	7.70	0.00	0.00
3	Ranford Investments Limited	1910000	0.94	0.00	1910000	0.94	0.00	0.00
4	Darnolly Investments Limited	1322000	0.65	0.00	1322000	0.65	0.00	0.00
5	SICAGEN India Limited	3017349	1.48	0.00	3017349	1.48	0.00	0.00
6	Gold Nest Trading Company Limited	2423400	1.19	0.00	2423400	1.19	0.00	0.00
7	South India House Estates & Properties Ltd	1810450	0.89	0.00	1810450	0.89	0.00	0.00
8	South India Travels Pvt. Ltd	208985	0.10	0.00	208985	0.10	0.00	0.00
9	ACM Educational Foundation	134075	0.07	0.00	134075	0.07	0.00	0.00
10	AMI Holdings Private Limited	37276700	18.31	0.00	37276700	18.31	0.00	0.00
11	Lotus Fertilizers Pvt Ltd	27995454	13.75	0.00	27995454	13.75	0.00	0.00
12	Tamilnadu Industrial Development Corporation Ltd	8840000	4.34	0.00	8840000	4.34	0.00	0.00
<b>Total</b>		<b>100666638</b>	<b>49.43</b>	<b>-</b>	<b>100666638</b>	<b>49.43</b>	<b>-</b>	<b>0.00</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change):

S. No	Particulars	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
	At the beginning of the year	100666638	49.43	1006666389	49.43
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	N.A			
	Promoter holding at the end of the year	100666638	49.43	100666638	49.43

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

Sl. No	Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1st April 2017		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2017 to 31 03 2018)	
		No. of Shares	% to total shares of the Company				No. of Shares	% to total shares of the Company
1	FINQUEST FINANCIAL SOLUTIONS PVT LTD	0	0.00					
		10,000,000	4.91	13 10 2017	10,000,000	PURCHASE	10,000,000	4.91
				27 10 2017	150,000	PURCHASE	10,150,000	4.98
				03 11 2017	-150,000	SALE	10,000,000	4.91
				05 01 2018	-1,157,000	SALE	8,843,000	4.34
				19 01 2018	-200	SALE	8,842,800	4.34
				02 02 2018	-2,242,800	SALE	6,600,000	3.24
				23 03 2018	7,400,000	PURCHASE	14,000,000	6.87
		30 03 2018	-2,500,000	SALE	11,500,000	5.65		
		31 03 2018				11,500,000	5.65	
2	LIFE INSURANCE CORPORATION OF INDIA	3,926,725	1.93	31 03 2018	0		3,926,725	1.93
3	VIBGYOR INVESTORS & DEVELOPERS PRIVATE LIMITED	0	0.00	08 09 2017	2,000,000	PURCHASE	2,000,000	0.98
				30 03 2018	311,000	PURCHASE	2,311,000	1.13
				31 03 2018			2,311,000	1.13
4	POLARIS BANYAN HOLDING PRIVATE LIMITED	0	0.00	07 04 2017	830,000	PURCHASE	830,000	0.41
				29 09 2017	369,841	PURCHASE	1,199,841	0.59
				06 10 2017	33,717	PURCHASE	1,233,558	0.61
				07 11 2017	242,000	PURCHASE	1,475,558	0.72
				22 12 2017	480,646	PURCHASE	1,956,204	0.96
				31 03 2018			1,956,204	0.96
5	HITESH RAMJI JAVERI	1,451,000	0.71	16 06 2017	149,000	PURCHASE	1,451,000	0.71
				30 06 2017	100,000	PURCHASE	1,700,000	0.83
				31 03 2018			1,700,000	0.83
6	HYPNOS FUND LIMITED	1,500,000	0.74	30 03 2018	-150,000	SALE	1,350,000	0.66
				31 03 2018			1,350,000	0.66

Sl. No	Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1st April 2017		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2017 to 31 03 2018)	
		No. of Shares	% to total shares of the Company				No. of Shares	% to total shares of the Company
7	HARSHA HITESH JAVERI	1,000,000	0.49	14 04 2017	-1,000,000	SALE	1,000,000	0.49
				16 03 2018	1,000,000	PURCHASE	0	0.00
8	RADHABHAI RAMJI JAVERI	800,000	0.39	23 06 2017	173,660	PURCHASE	800,000	0.39
				31 03 2018			973,660	0.48
							973,660	0.48
9	FINQUEST SERURITIES LIMITED	0	0.00	27 10 2017	170,000	PURCHASE	0	0.00
				05 01 2018	149,139	PURCHASE	170,000	0.08
				16 02 2018	480,861	PURCHASE	319,139	0.16
				30 03 2018	100,000	PURCHASE	800,000	0.39
				31 03 2018			900,000	0.44
10	FINQUEST SERURITIES LIMITED	0	0.00	30 03 2018	900,000	PURCHASE	0	0.00
				31 03 2018			900,000	0.44

**(v) Shareholding of Directors and Key Managerial Personnel:**

S. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1	Mr Ashwin C Muthiah	45	0.00	45	0.00
2	Mr M B Ganesh	50	0.00	50	0.00
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):					
1	Mr S Radhakrishnan (inducted as Independent Director from 07 02 2018)	0	0.00	450	0.00
At the end of the year					
1	Mr Ashwin C Muthiah	45	0.00	45	0.00
2	Mr M B Ganesh	50	0.00	50	0.00
3	Mr S Radhakrishnan	0	0.00	450	0.00

No other Director/ KMP was holding shares at the beginning or end of the year



## V. INDEBTEDNESS:

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

(₹ in lacs)

	Secured Loans excluding deposits	Deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	41314.39	-	7824.83	49139.22
ii) Interest due but not paid	-	-	80.42	80.42
iii) Interest accrued but not due	-	-	44.44	44.44
<b>Total (i+ii+iii)</b>	<b>41314.39</b>	<b>-</b>	<b>7949.69</b>	<b>49264.08</b>
Change in Indebtedness during the financial year				
Addition	1997.74	-	*18783.78	20781.52
Reduction	(42251.13)	-	(1379.60)	(43630.73)
Net Change	(40253.39)	-	17404.18	(22849.21)
Indebtedness at the end of the financial year				
i) Principal Amount	1061.00	-	21847.03	22908.03
ii) Interest due but not paid	-	-	3405.14	3405.14
iii) Interest accrued but not due	-	-	101.70	101.70
<b>Total (i+ii+iii)</b>	<b>1061.00</b>	<b>-</b>	<b>25353.87</b>	<b>26414.87</b>

\* Includes Preference share capital of ₹ 1250 lacs and unpaid dividend ₹ 3370.66 lacs, classified as borrowing under Ind As.

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

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

(Amount in ₹)

S. No	Particulars of Remuneration	S R Ramakrishnan Whole time Director
1	Gross Salary:	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68,47,535
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600
	(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	--
	<b>Total</b>	<b>68,69,135</b>
	<b>Ceiling as per the Act</b>	<b>1,20,00,000</b>

## B. Remuneration to other Directors:

Sl. No	Name of the Director	Fee for attending Board / committee meetings (Amt. in ₹)	Commission	Others
	Independent Directors			
1	Mr B Narendran	2,00,000	0.00	0.00
2	Mr S Shankar	1,50,000	0.00	0.00
3	Brig (Retd) Harish Chandra Chawla	2,00,000	0.00	0.00
4	Mrs Sashikala Srikanth	2,00,000	0.00	0.00
5	Mr Sumanjit Chaudhry	1,50,000	0.00	0.00
6	S Radhakrishnan	50,000	0.00	0.00
	Other Non Executive Directors			
7	Mr T K Arun	1,50,000	0.00	0.00
8	Mr B Elangovan	1,00,000	0.00	0.00
9	Mr Ashwin C Muthiah	2,00,000	0.00	0.00
	<b>Total</b>	<b>14,00,000</b>	<b>0.00</b>	<b>0.00</b>

## C. Remuneration to other Directors, Key Managerial Personnel other than MD/MANAGER/WTD:

(Amount in ₹)

S. No	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross Salary:			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,37,503	60,94,622	76,32,125
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(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	--	--	--
	<b>Total</b>	<b>15,37,503</b>	<b>60,94,622</b>	<b>76,32,125</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the Financial Year ended 31st March 2018

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**

(DIN:00255679)

Chairman

Place : Chennai

Date : 14 June 2018

## NOMINATION AND REMUNERATION POLICY

### Objective

The Nomination and Remuneration Committee (NRC) constituted under the Companies Act, 2013 (the Act) and the Listing Agreement is to guide the Board to identify persons who are qualified to become Director and who may be appointed in Sr. Management and recommend to the Board the appointment and removal of Director, KMP and Senior Management Personnel as well in accordance with the criteria laid down for determining qualification, position attribute and independence of a Director and recommend to the Board a Policy relating to remuneration of Director, Key Managerial Personnel and other employees.

The Nomination and Remuneration Policy (Policy) of Southern Petrochemical Industries Corporation Limited (SPIC) has been formulated with the objective of guiding the Board in identifying talent, recognise talent and retain talent for achieving Organisational goals with growth for all the Employees and Stakeholder value enhancement. SPIC acknowledges that it is important to provide a mix of reasonable remuneration, an atmosphere congenial for decision making by the Directors / Sr. Management Personnel and working atmosphere to the Employees.

The Policy applies to the Board of Directors, Key Managerial Personnel, Senior Management and the Employees of the Company.

Senior Management means employees of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

### Criteria for appointment of Independent Directors / Non-Executive Directors

The proposed appointee as Independent Director shall meet the criteria specified in the relevant provisions of the Companies Act, 2013 and the Listing Agreement with stock exchanges. He shall declare his independent status prior to his appointment to the Board and maintain the same during his tenure as an Independent Director. The Independent Director and the Non- Executive Director shall possess adequate qualification, necessary skills, and expertise and business experience including board procedures.

### Criteria for appointment of Executive Directors

The Executive Director could be a Managing Director (MD), Manager with substantial powers of Management as defined under the Companies Act, 2013 or Whole-time Director.

The appointee(s) shall have requisite educational qualification with exposure in the business line of the Company. He shall have adequate skills and leadership qualities to lead a team of professionals or as the case may be the function assigned to him. Depending on the role and responsibility, he shall have had hands-on experience in the relevant field. The suitability of a candidate shall be determined on a case to case basis and recommended by the NRC for consideration of the Board. After his appointment, being a Director of the Company, he shall adhere to the Code of Business Conduct and Ethics stipulated for Directors, Senior Management Personnel, Officers and Employees.

### Remuneration for Directors

#### (a) For Executive Directors:

The remuneration of the Whole-time / Executive Directors shall comprise of a fixed component and a performance linked pay, as may be recommended by the NRC and approved by the Board of Directors / Shareholders. Remuneration trend in the industry and in the region for a similar position, academic background, qualifications, experience and contribution expected of the individual will be considered in fixing the remuneration. The Executive Directors are not eligible to receive sitting fees for attending the meetings of the Board and Committees of the Board.

#### (b) For Non-Executive Directors including Independent Directors:

The Non-Executive Directors will be paid sitting fees for attending the Board Meetings and Meetings of the Committees of the Board as per the provisions of the Act, the Articles of Association of the Company and as recommended by the NRC. The fees payable to the Independent Directors and Women Directors shall not be lower than the fee payable to other categories of Directors. In addition to this, the travel and other expenses incurred for attending the Meetings are to be met by the Company.

Subject to the provisions of the Act and the Articles of Association, the Company in General Meeting may by special resolution also sanction and pay to the Non-Executive Directors remuneration / commission in accordance with the relevant provisions of the Act. The Company shall have no pecuniary relationship or transactions with any Non-Executive Directors.

## **Criteria for appointment of Key Managerial Personnel (KMP)**

The Company is required to appoint a MD/Manager/CEO and in their absence a Whole-time Director as one of the KMPs besides a Company Secretary (CS) and a Chief Financial Officer (CFO). The Chief Executive Officer (CEO) can also be a Member of the Board.

The qualification, experience and stature of the CEO could be in line with that of the Executive Directors. Where the CEO is the KMP, he shall act subject to the superintendence and control of the Board and have the substantial powers of Management.

The CS shall have the qualification prescribed under the Companies Act, 2013 and requisite experience to discharge the duties specified in law and as may be assigned by the Board/MD from time to time.

The CFO shall hold Degree/Diploma in Finance from reputed institutions such as the ICAI, ICMA, IIMs, leading recognised Universities, etc., with good work experience, in finance function including but not limited to funding, taxation, forex and other core matters. As required under the Listing Agreement, the appointment of CFO shall be subject to the approval of the Audit Committee and recommendation of the NRC.

### **Discretionary Power**

The NRC in exceptional circumstances shall have the discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient / satisfactory for the position and to decide the remuneration payable to an appointee under this Policy on a need base, while recommending to the Board.

### **Evaluation**

The Committee shall evaluate at least once in a year the performance of every Director and Key Managerial Personnel.

## **Criteria for appointment of Staff, Officers and Senior Management Personnel**

Manpower resource requirement for various functions shall be determined and approved by the Managing Director or WTD or such other persons delegated with the powers. The functional heads shall be involved in the process of selection of candidates and their recommendations duly considered by the HR Department.

The qualification, experience and skill expected of a Sr. Management personnel shall be determined on case to case basis depending on the position, role and responsibility.

### **Manner of appointment**

The Functional Head shall decide the job description for a position and the requisite qualification and experience expected of the candidates. Candidates may be called for through references, HR Consultants, leading portals, advertisements, etc., depending on the exigencies. Screening shall be done by the HR Department in consultation with Functional Head. The shortlisted candidates may be interviewed by the Functional Head or some other Senior Departmental Person as may be nominated by him along with the HR Representative. Experts or Consultants can also be engaged in this process, if required.

Upon deciding the remuneration, joining time, etc. Offer letter shall be issued to the selected candidate. On due acceptance by the candidate and on his joining the Company, a final appointment letter shall be issued.

The Employees of the Company shall be governed by the Service conditions set out in the Service Rules/Standing Orders of the Company as amended from time to time.

## **Guidelines for fixing remuneration to Employees who are not Directors**

The remuneration and other terms of employment are aimed to invite, inspire and retain talent for performing the requisite role.

The remuneration package and other terms, amenities, perquisites, etc. for an employee in Senior Management, Key Managerial Persons and Officer cadre may be determined on case to case basis depending on the position, role, responsibility, qualification and previous experience of the appointee and availability of persons willing to accept the offer. Evaluation of Senior Management Personnel will be conditional on successfully completing the period of probation as may be considered appropriate.

The eligibility to receive performance pay shall be decided based on appraisal of the individual concerned by his immediate superior and approved by the Functional Head or the Whole-time Director with reference to the targets fixed and achieved. The Chairman or the Whole-time Director shall have the authority to moderate the ratings in line with the Organizational performance.

Remuneration and other benefits to staff cadre employees shall be in terms of the wage settlements entered into between the Management and the representatives of the Staff/recognised Union from time to time.

In fixing the remuneration structure to the employees, due regard shall be given to ensure best possible benefits to the employees within the framework of law and considering the Organisational goals, performance of the Company and sustainability to pay.

The package shall maintain a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

Employees will also be covered under Group Accident Insurance, Health Insurance and Directors and Officers Liability Insurance as may be applicable to the respective cadre.

### Changes to the Policy

The Board may vary the above criteria on need basis. The NRC on its own or at the request of the Board may review and recommend the Policy from time to time and introduce changes depending on the prevailing economic scenario and manpower requirements and the performance of the Company.

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
(DIN:00255679)  
Chairman

Place : Chennai  
Date : 14 June 2018

### ANNEXURE – III

#### DETAILS OF MANAGERIAL REMUNERATION AS REQUIRED UNDER SEC 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.

Name of the Director	Designation	Ratio
S R Ramakrishnan	Whole Time Director	15

Remuneration of Non-Executive Directors is only by way of sitting fees of ₹ 50,000/- for attending each Meeting of the Board. Sitting fee is not payable for attending the Meetings of the Committees.

- ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.

Name	Designation	Remuneration % Increase for the FY 2017-18
S R Ramakrishnan	Whole Time Director	14
K R Anandan	Chief Financial Officer	10
M B Ganesh	Company Secretary	10

During the year there was no increase in the sitting fees of ₹ 50,000/- payable to the Non-Executive Directors.

- iii) The percentage increase in the median remuneration of employees in the financial year was 8%.
- iv) the number of permanent employees on the rolls of Company is 647.
- v) 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; NIL
- The increase in salary of employees, other than the managerial personnel was based on the inflation rate during March 2017 and this has been effected to our employees across the Organisation.
- vi) The remuneration paid is as per the Remuneration Policy of the Company.

Vii) Statement showing the names of the top ten employees in terms of remuneration drawn under Rule 5 (2) :

Name	Designation	Qualification	Experience	Date of Joining	Age	Last Employment & Position held	Remuneration Received (₹)
Ramakrishnan S R	Whole Time Director	BTech (Chem), MTech (Indl Mgmt)	3 Yrs 8 M	30-Jul-14	69	Managing Director Sri Ram Group	68,69,135
Anandan K R	Chief Financial Officer	B.Com, M.Com, ACA, AICWA, ACS, PGDBA, PGDPP, PGDMM	1 Yrs 9 M	01-Jul-16	55	Chief Financial Officer, TPL	60,94,622
Nachiappan N	Assistant Vice President - Imports & Distribution	BSc (Agri), MBA	35 Yrs 10 M	09-Jun-82	58	SPIC	37,29,424
Gopalakrishnan K	Assistant Vice President - Admin & Corp Services	BA, MA, DIP(PR)	14 Yrs 11 M	01-May-03	52	SICAL, Joint Manager-PR	35,80,880
Ravichandran N R	General Manager	BTech (Electronics)	28 Yrs 4 M	20-Dec-89	54	SPIC EMS Trainee	29,10,202
Senthil Nayagam P	Deputy General Manager	BE (Chem), MS	24 Yrs 2 M	17-Feb-94	47	SPIC EMS Trainee	27,12,719
Palanisamy V	Asst General Manager - Production	BE (Chem)	21 Yrs 1 M	01-Mar-97	44	SPIC EMS Trainee	23,01,937
Rajagopalan N	Head- IT	Dip (Com), B.Sc, MSc(IT)	3 Yrs 5 M	12-Nov-14	52	Freelance Consultant	20,87,023
Madhukar V	Head - HR	BA (Eng), MA (Sociology), PGDPM	3 Yrs 4 M	01-Dec-14	50	Freelance Consultant	20,80,234
Rajeshkumar E	Asst General Manager	BTech (Chem)	20 Yrs 3 M	01-Jan-98	42	SPIC EMS Trainee	20,51,260

- The employment of Whole time Director is contractual and all others are regular employees.
- None of the employees mentioned above
  - hold either by themselves or along with their spouse and dependent children, not less than two percent of the equity shares of the Company
  - is a relative of any director or manager of the Company.
- i) There are no employees covered under Rule 5 (2) (i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of whom the details are required to be provided.

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
(DIN:00255679)  
Chairman

Place : Chennai  
Date : 14 June 2018

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2018**

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

To

The Members,  
SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED,  
"SPIC HOUSE", 88 MOUNT ROAD,  
GUINDY  
CHENNAI – 600 032

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** bearing CIN L11101TN1969PLC005778 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies Act, 1956 (to the extent applicable)
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (vi) In addition to compliance with laws relating to Factory and Labour Laws, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier/Manager of the factories located in Tuticorin which manufacture Urea, a Nitrogenous Chemical Fertilizer (3) the compliance reports made by the functional heads of various departments based on which the Whole-time Director and the Company Secretary submit a Report to the Board of Directors of the Company (4) a test check on the licences and returns made available on other applicable laws, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under to the extent it is applicable to them:

- Factories Act, 1948 including The Hazardous Waste (Management and Handling) Rules, 1989
- Explosives Act, 1884
- The Environment (Protection) Act, 1986
- The Water( Prevention and Control of Pollution) Act, 1974
- The Air( Prevention and Control of Pollution) Act, 1981
- The Insecticides Act, 1968
- Drugs and Cosmetics Act, 1940
- The Fertiliser (Control) Order, 1985

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited.

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

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of 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.
- Based on the minutes made available to us, we report that decisions are carried through majority and that there were no dissenting votes from any Board member which was required to be captured and recorded as part of the minutes.

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

Name of Company Secretary in Practice : B.CHANDRA

Place : Chennai  
Date : 17-05-2018

ACS No.: 20879  
C P No. : 7859

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To  
The Members,  
SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED,  
"SPIC HOUSE", 88 MOUNT ROAD,  
GUINDY, CHENNAI – 600 032

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

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

Date: 17-05-2018  
Place: Chennai

B.CHANDRA  
Practising Company Secretary  
Membership No. 20879  
Certificate of Practice No. 7859



**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES****1 Brief outline of Company's CSR Policy and activities undertaken:**

SPIC believes that business objectives should include overall development of the communities around its area of operations. Therefore, the Company lays high emphasis on understanding the requirements of the local community and embark on initiatives which create long-term societal benefits.

**2 Composition of CSR Committee**

1. Mr. Ashwin C Muthiah (Chairman – Non Executive Director)
2. Mr. B Narendran (Independent Director)
3. Mr. T K Arun (Director upto 16 11 2017)
4. Mr. S R Ramakrishnan (Whole-time Director)

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

(₹ in Crores)

Year	2014-15	2015-16	2016-17	Average Net Profit
Net Profit / (Loss)	(1553.84)	(1542.46)	(1539.92)	(1545.40)

**4 Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

Does not arise as the Company has incurred loss.

**5 Details of amount spent towards CSR during the financial year**

Your Company was not required to spend towards CSR activities in view of absence of profit calculated as per Section 198 of the Companies Act, 2013 However, to continue with its activities to benefit the society as is being carried out in the past, several initiatives have been taken up namely;

Desilting work at Kadambakulam Tank, Tuticorin Dist., Solar plant at Collector's Office, Tuticorin, Removal of Carpet Weeds in Tamaraparani River, Installation of RO Plant and seating chairs at Tuticorin Railway Station, Tree plantation in and around SPIC Nagar, Drinking Water Storage Reservoir and toilet facility at Pottalkadu Village, Note Books, Dress Materials, Furniture and Sports materials to inmates of Avvai Ashram, Siva Sailam, Renovation of School Building, at Muthiapuram, Bus Shelters and Public Toilets.

In view of the above, the Responsibility Statement to be given by CSR Committee does not arise.

Place : Chennai  
Date : 14 June 2018

S R Ramakrishnan  
Whole-time Director  
DIN : 00120126

Ashwin C Muthiah  
Chairman, CSR Committee  
DIN : 00255679

**Form AOC 2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 )**

Disclosure of particulars of contracts/arrangements entered into by the Company during the year 2017-18 with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso there to.

- 
1. Details of contracts or arrangements or transactions not at arm's length basis : NIL
  2. Details of material contracts or arrangement or transactions at arm's length basis:
    - a) Name of the related party and nature of relationship : Wilson International Trading Pte Ltd, Singapore, Enterprise over which KMP (as per Ind AS 24 ) is able to exercise significant influence
    - b) Nature of contracts/arrangements/ transactions : Purchase of Raw materials
    - c) Duration of the contracts / arrangements/ transactions: : 1<sup>st</sup> April 2017 - 31<sup>st</sup> March 2018
    - d) Salient terms of the contracts or arrangements or transactions including the value, if any : ₹ 351.73 Crores
    - e) Date of approval by the Board, if any : 18.05.2017 (Omnibus approval by Audit Committee)
    - f) Amount paid as advances, if any : Nil
- 

*Note: Materiality is determined based on applicable threshold limits as per Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014.*

## CORPORATE GOVERNANCE REPORT (2017-18)

### 1 COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As a responsible corporate citizen, your Company is conscious that a business runs on principles of fairness, transparency and accountability goes a long way in fostering a healthy relationship amongst all stakeholders. In its abiding commitment to adopt and follow the best practices of governance, your Company has been proactive to the changes introduced by SEBI for promoting a responsive and responsible business culture through the Corporate Governance Code. Your Company endeavours to constantly upgrade the management practices for ideal corporate governance.

### 2 BOARD OF DIRECTORS

On 31st March 2018, the Board of Directors of the Company had 10 ( Ten ) Directors. During the year 2017-18, 4 (Four) Board Meetings were held on 18th May 2017, 7th September 2017, 4th December 2017 and 7th February 2018.

#### COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD

Name of the Director, DIN, Designation and Category	Attendance at Board Meetings	Attendance at previous AGM on 26th July 2017	No. of other Director ships (*)	No. of Membership in Board Committees of other companies (**)	
				As Chairman	As Member
Mr. Ashwin C Muthiah, (00255679) Chairman, Non-Executive Promoter Nominee	4	Yes	3 (2)	1	2
Mr. T K Arun (02163427) # TIDCO Nominee Non-Executive (upto 16 11 2017) Non-Executive Non Independent (From 07 02 2018)	3	Yes	1	0	1
Mr. B Elangovan (00133452) TIDCO Nominee Non-Executive	2	No	7	-	2
Mr. M S Shanmugam IAS (02475286) TIDCO Nominee Non-Executive (upto 30 11 2017)	0	No	-	-	-
Mr. S Shankar (06591908) Non-Executive Independent	3	Yes	1	-	1
Mr. B Narendran (01159394) Non-Executive Independent	4	Yes	6	4	4
Ms. Sashikala Srikanth (01678374) Non-Executive Independent	4	Yes	6	1	4
Brig.(Retd) Harish Chandra Chawla (00085415) Non-Executive Independent	4	Yes	4	-	2
Mr. Sumanjit Chaudhry (06752672) Non-Executive Independent	3	Yes	1	-	-
Mr. S Radhakrishnan (00061723) Non-Executive Independent (From 07 02 2018)	1	NA	-	-	-
Mr. S R Ramakrishnan (00120126) Whole-Time Director Professional	4	Yes	-	-	-

# Resigned as TIDCO Nominee w.e.f 16.11.2017 and appointed subsequently as Non Executive Non Independent Director w.e.f 7.2.2018.

(\*) includes Directorships held in public limited companies only. Directorships held in private companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 are excluded.

(\*\*) includes only positions held in Audit Committee and Stakeholders' Relationship Committee. Figures mentioned in brackets indicate the number of companies in which the Director is Chairman.

None of the Directors of the Company is the Chairman of more than five Committees of Board or Member of more than ten Committees of Board.

TIDCO is a Public Financial Institution under Section 2 (72) of the Companies Act, 2013 (the Act) and their nominees are not considered Independent as provided under Section 149 (6) of the Act.

As on 31st March 2018, Mr. Ashwin C Muthiah – Non-Executive Director/ Chairman is holding 45 Equity Shares and Mr. S. Radhakrishnan, Non Executive Independent Director is holding 450 Equity Shares of the Company. There is no inter-se relationship between the Directors.

The details of familiarization programmes imparted to Independent Directors are disclosed in the website of the Company. [http:// spic.in/wp-content/uploads/policies/Familiarisation-Program-for-Independent-Directors.pdf](http://spic.in/wp-content/uploads/policies/Familiarisation-Program-for-Independent-Directors.pdf)

### 3 COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors primarily oversees the Company's financial reporting process and disclosure of its financial information to ensure the correctness and adequacy besides the role as per the Companies Act, 2013 and the Listing Regulations. The Committee provides reassurance to the Board on the existence of effective internal control systems.

#### TERMS OF REFERENCE

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- Review the adequacy of the internal control systems;
- Review with the Management, the quarterly, half-yearly and annual financial statements before submission to the Board of Directors;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Review the adequacy of the internal audit function, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Review the findings of any internal investigations by the internal auditors and report the matter to the Board of Directors;
- Review the Company's financial and risk management policies; and
- Discuss with the Statutory Auditors periodically about the nature and scope of audit.

#### COMPOSITION AND MEMBERS' ATTENDANCE:

The Audit Committee has 4 (Four) members with 3 (Three) Independent Directors and 1 (One) Non-Executive Director, having sound financial management expertise. Ms. Sashikala Srikanth, Independent Director is the Chairman of the Audit Committee. During the year the Committee met 5 (Five ) times on 18th May 2017, 7th September 2017, 4th December 2017, 7th February 2018 and 13th March 2018. The Statutory Auditor, Internal Auditor, Cost Auditor, Chief Financial Officer were invited to participate in the meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee.

Name of the Director	Designation	No. of Meetings attended	Category
Ms. Sashikala Srikanth	Chairman	5	Independent
Mr. S Shankar	Member	3	Independent
Mr. T K Arun	Member	3	Non-Executive
Mr. B Narendran	Member	5	Independent

#### 4 NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee constituted by the Board of Directors identifies the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal if any and shall carry out evaluation of every Director's performance. The criteria for determining qualifications, positive attributes and independence of a Director relating to the remuneration for the Directors, Key Managerial Personnel and other employees as applicable, and criteria for evaluation of Independent Directors and the Board are set out in the Nomination and Remuneration Policy.

##### TERMS OF REFERENCE

- o Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- o Formulation of criteria for evaluation of Independent Directors and the Board;
- o Devising a policy on Board diversity and
- o Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

##### COMPOSITION AND MEMBERS' ATTENDANCE:

The Nomination and Remuneration Committee comprises of 4 (Four) Members with 2 (Two) Independent Directors and 2 (Two) Non-Executive Directors. Mr B Narendran, Independent Director is the Chairman of the Committee. During the year the Committee met twice on 18th May 2017 and 7th February 2018.

Name	Designation	No. of Meetings attended	Category
Mr. B Narendran	Chairman	2	Independent
Mr. Ashwin C Muthiah	Member	2	Non-Executive
Mr. S Shankar	Member	1	Independent
Mr. T K Arun	Member	1	Non-Executive

#### 5. DIRECTORS' REMUNERATION DURING 2017-18

Name	Salary & Perquisites (*)	Special Allowance Paid/ Payable	Performance Pay	Sitting Fees
	(₹)	(₹)	(₹)	(₹)
Mr. Ashwin C Muthiah	-	-	-	2,00,000
Mr. M S Shanmugam I A S **	-	-	-	-
Mr. T K Arun **	-	-	-	1,00,000
Mr. T K Arun	-	-	-	50,000
Mr. B Elangovan **	-	-	-	1,00,000
Mr. S Shankar	-	-	-	1,50,000
Mr. B Narendran	-	-	-	2,00,000
Brig. (Retd.) Harish Chandra Chawla	-	-	-	2,00,000
Ms. Sashikala Srikanth	-	-	-	2,00,000
Mr. Sumanjit Chaudhry	-	-	-	1,50,000
Mr S Radhakrishnan	-	-	-	50,000
Mr. S R Ramakrishnan	48,02,915	5,66,220	15,00,000	-

(\*) does not include Company's contribution to provident/superannuation fund, gratuity and leave encashment.

(\*\*) sitting fees is paid to the financial institution which the Director represents as its Nominee.

The Non-Executive Directors are paid sitting fees and out-of-pocket expenses for attending meetings of the Board.

Whole-time Director is under contract employment with the Company which stipulates a notice period of three months from either side for early separation and no severance fee is payable.

There was no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

The criteria for making payments to the Non-executive Directors is disclosed in the Website of the Company under the weblink: <http://spic.in/wp-content/uploads/policies/Criteria-for-making-payments-to-Non-Executive-Directors.pdf>

The Company does not have a scheme for grant of stock options either to the Directors or to its employees.

## 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### TERMS OF REFERENCE

- To monitor the work relating to transfer, transmission, dematerialisation, rematerialisation, sub-division / consolidation of shares;
- To issue duplicate share certificates; and
- To ensure that all the investors' grievances and complaints are redressed expeditiously to strengthen the investors' relations.

### COMPOSITION AND MEMBERS' ATTENDANCE:

The Stakeholders' Relationship Committee comprises of 3 (Three) Members with 2 (Two) Independent Directors and 1 (One) Whole-time Director. Mr. B Narendran, Independent Director is the Chairman of the Committee. The Committee met 6 (SIX) times during the year i.e. 18th May 2017, 13th June 2017, 7th September 2017, 4th December 2017, 7th February 2018 and 1st March 2018.

Name	Designation	No of Meetings attended	Category
Mr. B Narendran	Chairman	6	Independent
Mr. S Shankar	Member	3	Independent
Mr B Elangovan (upto 18.05.2017)	Member	-	Non Executive
Mr. S R Ramakrishnan (from 18.05.2017)	Member	6	Whole-time Director

### INVESTOR COMPLAINTS

No. of complaints pending at the beginning of the year	-	NIL
No. of complaints received during the year	-	2
No. of complaints redressed during the year	-	2
No. of complaints pending at the end of the year	-	NIL

There were no share transfers pending registration as on 31st March 2018. Mr. M B Ganesh, Secretary, is the Compliance Officer of the Company.

## 7 ANNUAL GENERAL MEETINGS

Year	Date	Time	Venue
2015	21 September 2015	4.00 P.M.	Rajah Annamalai Mandram, Chennai 600 108
2016	20 September 2016	10.30 A.M.	Rajah Annamalai Mandram, Chennai 600 108
2017	26 July 2017	10.00 A.M.	Rajah Annamalai Mandram, Chennai 600 108

The following special resolutions were passed in the previous three Annual General Meetings:

21 September 2015	<ul style="list-style-type: none"> <li>Transactions entered into by the Company with the related parties during the year 2014-15 which are in the ordinary course of business and at arms length basis but considered material as per Clause 49 of the Listing Agreement.</li> </ul>
20 September 2016	<ul style="list-style-type: none"> <li>To make investments by way of subscription, purchase or otherwise, the securities of any body corporate upto an aggregate amount not exceeding ₹75 lakhs.</li> </ul>
26 July 2017	<ul style="list-style-type: none"> <li>To make investment in M/s. Greenam Energy Private Limited upto an aggregate amount not exceeding ₹12 crores.</li> <li>Re-appointment and payment of remuneration to Mr. S R Ramakrishnan, as Whole-time Director of the Company for a period of three years from 30th July 2017.</li> <li>To invest in the securities of M/s. Tuticorin Alkali Chemicals and Fertilizers Limited, arising out of conversion of outstanding unsecured loan and other receivable aggregating ₹ 29.81 crore.</li> </ul>

No Resolution was passed through Postal Ballot during 2017-18.

## 8. MEANS OF COMMUNICATION

The Financial Results (Unaudited quarterly results and Audited annual results) of the Company are submitted to National Stock Exchange of India Limited in accordance with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and were published in a leading newspaper in English language (Business Standard) and Tamil Newspaper (Makkal Kural). The Financial Results are also posted on the website of the Company.

During the year, there were no official news releases and presentations made to the institutional investors or to the analysts that to be displayed in the website of the Company.

## 9. GENERAL SHAREHOLDERS' INFORMATION

- (a) **DATE, TIME AND VENUE OF ANNUAL GENERAL MEETING** : 7 August 2018, at 2.30 P.M. at Rajah Annamalai Mandram, Chennai 600 108
- (b) **FINANCIAL YEAR** : 1st April 2017 to 31st March 2018
- (c) **DATES OF BOOK CLOSURE** : 1st August to 7th August 2018
- (d) **DIVIDEND DECLARED** : NIL
- (e) **LISTING ON STOCK EXCHANGES** : National Stock Exchange of India Limited, [Stock Symbol / Code : SPIC]

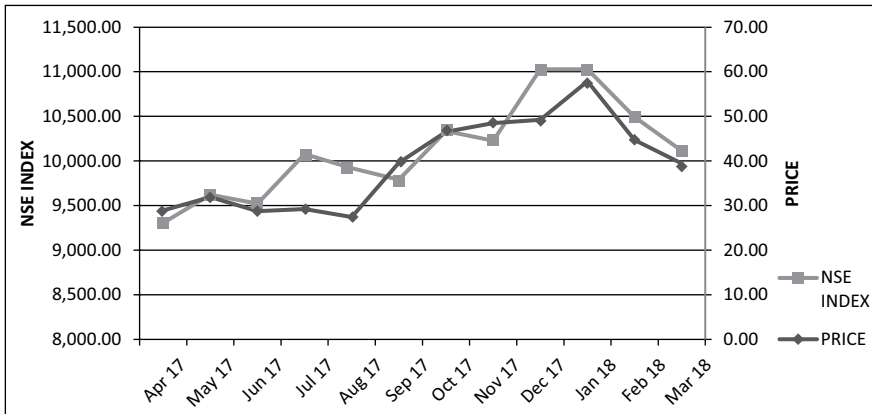
The Global Depository Receipts (GDRs) of the Company which are listed in the Luxembourg Exchange (Code: US8436131002) of Luxembourg Stock Exchange. The Company paid the listing fees for the financial year 2017-18 to both NSE and Luxembourg Stock Exchange.

Demat International Securities Identification Number (ISIN) for equity shares is INE147A01011.

### (f) MARKET/SHARE PRICE DATA (in ₹)

Month	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
High	28.90	31.90	28.75	29.20	27.40	39.60	46.55	48.50	49.20	57.85	44.70	39.45
Low	23.10	24.40	25.00	25.50	23.30	25.65	33.50	40.00	37.20	40.10	35.05	30.25
NSE Index	9,304.05	9,621.25	9,520.90	10,077.10	9,917.90	9,788.60	10,335.30	10,226.55	10530.70	11,027.70	10,492.85	10,113.70

**(g) PERFORMANCE OF SPIC'S EQUITY SHARES VIS-A-VIS THE NSE FIFTY INDEX**



**(h) SHARE TRANSFER SYSTEM**

The Stakeholders' Relationship Committee approve, inter alia, transfer of shares, transmission of shares etc., in physical form and also ratify the confirmations made to the demat requests and redress complaints from investors received by the Company. During the year, 6 (Six) meetings were held. The entire process including dispatch of share certificates to the shareholders, were completed within the time stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

**(i) DISTRIBUTION OF SHAREHOLDING AS OF 31<sup>st</sup> MARCH 2018**

Sl. No	Range	No. of Shares held	% to paid up Capital	No. of Members	% to total Members
1	Up to 500	8444777	4.15	56,812	82.47
2	501-1000	5020375	2.47	5,905	8.57
3	1001-2000	4446911	2.18	2,807	4.07
4	2001-3000	2704301	1.33	1,020	1.48
5	3001-4000	1770634	0.87	487	0.71
6	4001-5000	2652007	1.3	547	0.79
7	5001-10000	5276156	2.59	691	1.00
8	10001 and above	173325175	85.11	633	0.91
	<b>Total</b>	<b>203640336</b>	<b>100.00</b>	<b>68,902</b>	<b>100.00</b>

**(j) SHAREHOLDING PATTERN AS OF 31<sup>st</sup> MARCH 2018**

Particulars	Equity shares held	% to paid-up capital
PROMOTERS:		
(a) TIDCO	88,40,000	4.34
(b) Dr MA Chidambaram Group	9,18,26,638	45.09
Financial Institutions & Nationalised Banks	4,526,745	2.22
The Bank of New York Mellon (as depository for Global Depository Receipts)	16,941,800	8.32
Foreign Institutional Investors	8,150	0.00
Non-Resident Individuals	2,160,088	1.06
Foreign Companies	39,800	0.02
Mutual Funds	10,800	0.00
Public & Others	79,286,315	38.93
<b>Total</b>	<b>20,36,40,336</b>	<b>100.00</b>



**(k) DEMATERIALISATION OF SHARES AND LIQUIDITY**

The Company's equity shares are in the compulsory demat segment and are available for trading in the depository systems of National Securities Depository Limited and Central Depository Services (India) Limited. 19,91,80,504 equity shares constituting 97.81 per cent of the paid-up equity capital of the Company stood dematerialised as on 31 March 2018. The Company's equity shares are regularly traded on the National Stock Exchange of India Limited in the compulsory demat form.

**(l) OUTSTANDING GDRs/ADRs**

The equity shares of the underlying GDRs are held by The Bank of New York, Mellon, as depository for the GDRs, as shown in the shareholding pattern. The Company has not issued ADRs.

**(m) NOMINATION OF PHYSICAL SHARES:**

Members holding shares in physical form are requested to nominate a person to whom the shares in the Company shall vest in the event of death. Nomination forms can be downloaded from the Company's website-[www.spic.in](http://www.spic.in) under the Section 'Investors' or on request, will be sent to the Members.

**(n) UNCLAIMED SUSPENSE ACCOUNT:**

a	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	1,745 shareholders, 1,84,030 eq. shares
b	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	10
c	Number of shareholders to whom shares were transferred from suspense account during the year;	1035
d	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	1735 shareholders 1,82,995 eq. shares

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

**(o) Commodity price risk or foreign exchange risk and hedging activities:** The Commodity Price Risk is not applicable to the Company as our raw materials are not covered in the commodity production Inputs. The Company has a policy of covering about 50% of the total foreign exposure through various hedging activities.

**(p) PLANT LOCATION**

Fertilizer Division : SPIC Nagar, Tuticorin 628 005

**(q) FINANCIAL CALENDAR (TENTATIVE)**

Financial year : 1 April 2018 to 31 March 2019  
 First quarter results : July/August 2018  
 Half-yearly results : October/November 2018  
 Third quarter results : January/February 2019  
 Annual results : May 2019  
 48th Annual General Meeting : August / September 2019

**(r) ADDRESS FOR CORRESPONDENCE**

<p><b>SECRETARIAL DEPARTMENT</b>                  Southern Petrochemical Industries Corporation Ltd                  SPIC HOUSE, No. 88 Mount Road, Guindy,                  Chennai - 600 032                  Phone No.044-22350245; Fax No.044-22352163                  E-mail: (a) General : <a href="mailto:spiccorp@spic.co.in">spiccorp@spic.co.in</a>                  (b) Investor complaints/grievance redressal:  <a href="mailto:shares.dep@spic.co.in">shares.dep@spic.co.in</a></p>	<p><b>REGISTRAR AND TRANSFER AGENTS</b>                  Cameo Corporate Services Ltd.                  "Subramanian Building" No. 1 Club House Road ,                  Chennai - 600 002.                  Tel: 044-28460390 / 28460718; Fax : 044-28460129;                  E-mail : <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a></p>
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## 10 DISCLOSURES

- a. There was no materially significant related party transaction i.e., transactions of the Company of material nature, with its promoters, the Directors, or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the Company at large.
- b. There is no instance of non-compliance by the Company or penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- c. The Company has complied with all the mandatory requirements under various Regulations in SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
- d. The Policy for determining 'material' subsidiaries is disclosed in the website of the Company under the weblink: <http://spic.in/wp-content/uploads/policies/Determining-Material-Subsidiary-Policy.pdf>
- e. The Policy on Related Party Transactions is disclosed in the website of the Company under the weblink: <http://spic.in/wp-content/uploads/policies/Policy-on-Related-Parties.pdf>
- f. The Policy for Determining Materiality for Disclosure of Material Events / Information is disclosed in the website of the Company under the link: <http://spic.in/wp-content/uploads/policies/Policy-for-Determining-Material-Events.pdf>
- g. The Company has formulated a Policy for Preservation of Documents pursuant to Regulation 9 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## 11. DISCRETIONARY REQUIREMENTS

The following non-mandatory requirements have been adopted with by the Company:-

- a) The Company has appointed separate persons to the post of Chairman and Whole-time Director.
- b) The Company has appointed a third party firm as the Internal Auditors which carry out the audit and the report is presented to the Audit Committee for review and further directions.

## 12. RISK MANAGEMENT COMMITTEE

The Company has a Risk Management Committee consisting of two Members viz., Mr. T K Arun, Director and Mr. S R Ramakrishnan, Whole-time Director, as Chairman. Enterprise Risk Management Framework has been formulated and Executive Risk Management Committee headed by Chief Risk Officer monitors the Risks identified and implementation of the mitigation plans.

## 13. WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behaviour actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimization of Director(s) / employee(s) who avail the mechanism and no personnel has been denied direct access to the Chairman of the Audit Committee. The whistleblower policy is disclosed in the website of the Company.

## 14. CODE OF CONDUCT

The Code of Conduct applicable to all Board Members, Senior Management Personnel and all the Employees of the Company is a comprehensive code laying down its standards of business conduct, ethics and governance. The compliance to the Code of Conduct is being affirmed annually by Board Members and Senior Management Personnel. The Code of Conduct is disclosed in the website of the Company.

## 15 RECONCILIATION OF SHARE CAPITAL AUDIT

The Company has obtained a certificate from a qualified Company Secretary in Practise reconciling the total issued and listed capital as required under Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996.

## 16. DISCLOSURE UNDER REGULATION 17 TO 27 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The disclosures on the compliance with corporate governance requirements specified in Regulation 17 to 27 and 46 (2)(b) to (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been made in this report to the extent applicable to the Company and have been duly complied with.

**DECLARATION ON CODE OF CONDUCT**

To the Members of Southern Petrochemical Industries Corporation Limited

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement with the Stock Exchange, this is to certify that all Members of the Board and designated Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management, for the year ended 31st March 2018.

For Southern Petrochemical  
Industries Corporation Limited

Place : CHENNAI  
Date : 17 May 2018

S R RAMAKRISHNAN  
Whole-time Director

**INDEPENDENT AUDITORS' CERTIFICATE  
TO THE MEMBERS OF  
SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated August 7, 2017.
2. We MSKA & Associates (Formerly known as MZSK & Associates), the Statutory Auditors of Southern Petrochemical Industries Corporation 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, D, E 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. 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, D, E 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.

**For MSKA & Associates (Formerly known as MZSK & Associates)**

**Chartered Accountants**

(Firm's Registration No. 105047W)

**Geetha Jeyakumar**

(Partner)

(Membership No. 29409)

Place: Chennai  
Date: May 17, 2018

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

### Report on the Standalone Ind AS financial statements

We have audited the accompanying Standalone Ind AS financial statements of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 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 Standalone 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 Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the 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 Standalone 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 Standalone 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 Standalone 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 Standalone Ind AS financial statements are free from material misstatement.

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

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

### Opinion

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

### Emphasis of Matter

We draw attention to Note No. 33(iii) of the Standalone Ind AS financial statements regarding computation of subsidy based on the provisional Retention Price (RP) in line with the Government's policy dated June 17, 2015, as the final retention price has not been announced by the Department of Fertilizers. The necessary adjustments, if any, and its consequential impact will be assessed when the final retention price is notified by the Department of Fertilizers.

Our opinion is not modified in respect of this matter.

**Other Matter**

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Standalone 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 31 March 2017 and 31 March 2016 dated 18 May 2017 and 30 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 Standalone 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 Standalone 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 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 Standalone Ind AS financial statements. refer Note 35 of the 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 (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For MSKA & Associates (Formerly known as MZSK & Associates)**

**Chartered Accountants**

(Firm's Registration No. 105047W)

**Geetha Jeyakumar**

(Partner)

(Membership No. 29409)

Place: Chennai

Date: May 17, 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 Southern Petrochemical Industries Corporation Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone 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.

**For MSKA & Associates (Formerly known as MZSK & Associates)**

**Chartered Accountants**

(Firm's Registration No. 105047W)

Place: Chennai  
Date: May 17, 2018

**Geetha Jeyakumar**  
(Partner)  
(Membership No. 29409)

## 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) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.  
 Immovable properties of land and buildings whose title deeds have been pledged with banks as security for term loans, are held in the name of the Company based on the Mortgage deed 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 and no material discrepancies were noticed on physical verification.
- 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 complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 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, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to the Company.
- (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 (₹ Lakhs)
The Central Excise Act, 1944	Excise Duty	1998-99 to 2012-13	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax appellate Tribunal	321.06
The Finance Act, 1994	Service Tax	2003-04 to 2011-12	Customs, Excise and Service Tax appellate Tribunal	164.97
The Sales Tax Act under various state enactments	Local Sales Tax	1996-97 to 2012-13	Deputy Commissioner (Appeals) / Additional Commissioner (Appeals) / Sales Tax Appellate Tribunal / Hon'ble Madras High Court and High Court of Telangana and Andhra Pradesh	741.88

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans 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.

**For MSKA & Associates (Formerly known as MZSK & Associates)**  
**Chartered Accountants**  
(Firm's Registration No. 105047W)

Place: Chennai  
Date: May 17, 2018

**Geetha Jeyakumar**  
(Partner)  
(Membership No. 29409)

## Balance sheet as at 31 March 2018

(₹ in lac)

S. No.	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	(a) Property, Plant & Equipment	6 (i)	24437.33	26128.11	27892.21
	(b) Capital work-in-progress		3546.41	2216.94	1178.19
	(c) Intangible assets	6 (ii)	106.71	-	-
	(d) Intangible assets under development		-	53.13	47.56
	(e) Investment Property	7	132.65	136.12	139.59
	(f) <u>Financial assets</u>				
	(i) Investments				
	Investments in Subsidiary	8 (A)	-	-	-
	Investments in Associates	8 (B)	267.21	267.21	267.21
	Investments in Joint Ventures	8 (C)	1980.47	1980.47	1980.47
	Other Equity Investments	8 (D)	1257.61	1305.04	939.60
	Other Investments	8 (E)	1.00	1.00	1.00
	(ii) Others	9 (A)	199.49	12649.68	25139.62
	(g) Income tax assets (Net)		555.25	504.39	476.72
	(h) Other assets	10	4624.78	4024.32	4074.59
	(i) Deferred tax asset (Net)	37	10204.78	3586.52	3658.09
	<b>Total Non-Current Assets</b>		<b>47313.69</b>	<b>52852.93</b>	<b>65794.85</b>
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	11	18874.62	22939.94	9252.21
	(b) <u>Financial assets</u>				
	(i) Trade receivables	12	4745.27	9155.95	6278.45
	(ii) Cash and cash equivalents	13 (A)	334.01	358.45	1133.46
	(iii) Bank balances other than (ii) above	13 (B)	424.65	390.87	437.25
	(iv) Others	9 (B)	52729.46	34798.85	76571.10
	(c) Other assets	14	19173.34	1396.93	931.44
	(d) Assets held for sale	15	-	30.00	-
	<b>Total Current Assets</b>		<b>96281.35</b>	<b>69070.99</b>	<b>94603.91</b>
	<b>TOTAL ASSETS</b>		<b>143595.04</b>	<b>121923.92</b>	<b>160398.76</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>EQUITY</b>				
	(a) Equity Share capital	16	20364.03	20364.03	20364.03
	(b) Other Equity	17	10203.43	6505.01	3661.43
	<b>Total Equity</b>		<b>30567.46</b>	<b>26869.04</b>	<b>24025.46</b>
<b>2</b>	<b>LIABILITIES</b>				
	<b>Non-current liabilities</b>				
	(a) <u>Financial Liabilities</u>				
	(i) Borrowings	18	16275.00	3409.50	-
	(ii) Others	19 (A)	2930.98	2641.00	2479.69
	<b>Total Non-Current Liabilities</b>		<b>19205.98</b>	<b>6050.50</b>	<b>2479.69</b>
	<b>Current liabilities</b>				
	(a) <u>Financial Liabilities</u>				
	(i) Borrowings	20	10003.69	50168.34	16248.86
	(ii) Trade payables	21	73906.37	37031.84	114586.61
	(iii) Others	19 (B)	3953.77	595.71	1619.16
	(b) Provisions	22	322.45	412.36	291.99
	(c) Other liabilities	23	5635.32	796.13	1146.99
	<b>Total Current Liabilities</b>		<b>93821.60</b>	<b>89004.38</b>	<b>133893.61</b>
	<b>Total liabilities</b>		<b>113027.58</b>	<b>95054.88</b>	<b>136373.30</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>143595.04</b>	<b>121923.92</b>	<b>160398.76</b>
	The accompanying notes are an integral part of these financial statements				

In terms of our report attached.

**For MSKA & Associates**  
(Formerly known as MZSK & Associates)  
Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

**GEETHA JEYAKUMAR**  
Partner

**SASHIKALA SRIKANTH**  
Director  
DIN: 01678374

**S R RAMAKRISHNAN**  
Whole -Time Director  
DIN:00120126

Place : Chennai  
Date : 17 May 2018

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

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

(₹ in lac)

S. No.	Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
1	Revenue from operations	24	199445.80	150242.81
2	Other income	25	492.15	1379.09
<b>3</b>	<b>Total revenue (1+2)</b>		<b>199937.95</b>	<b>151621.90</b>
<b>4</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	26	104524.82	80532.49
	(b) Purchases of stock-in-trade	27	1637.45	3676.24
	(c) Changes in inventories of finished goods, stock in trade and work-in-progress	28	1501.72	(5167.88)
	(d) Excise duty on sale of goods		85.01	340.56
	(e) Employee benefits expense	29	5280.83	5264.93
	(f) Finance costs	30	4087.89	1056.54
	(g) Depreciation and amortisation expense	6 & 7	4011.29	3083.16
	(h) Other expenses	31	75330.92	60200.53
	<b>Total expenses</b>		<b>196459.93</b>	<b>148986.57</b>
<b>5</b>	<b>Profit before exceptional items and tax (3-4)</b>		<b>3478.02</b>	<b>2635.33</b>
6	Exceptional items - Profit on sale of land	32	244.53	-
<b>7</b>	<b>Profit before tax (5 + 6)</b>		<b>3722.55</b>	<b>2635.33</b>
<b>8</b>	<b>Tax expense</b>			
	Current tax relating to prior years		6604.50	-
	Deferred tax relating to prior years (MAT)		(6604.50)	-
	<b>Net tax expense</b>		-	-
<b>9</b>	<b>Profit for the year (7-8)</b>		<b>3722.55</b>	<b>2635.33</b>
<b>10</b>	<b>Other comprehensive income</b>			
	A i) Items that will not be reclassified to profit or (loss)			
	a) Effect of measuring investments at fair value		(68.82)	357.88
	b) Remeasurement gain or loss on defined benefit plans		30.93	(78.06)
	ii) Income tax relating to items that will not be reclassified to profit or (loss)		13.76	(71.57)
	<b>Total Other comprehensive income</b>		<b>(24.13)</b>	<b>208.25</b>
<b>11</b>	<b>Total comprehensive income (9+10)</b>		<b>3698.42</b>	<b>2843.58</b>
<b>12</b>	<b>Earnings Per Equity Share (Nominal value per share ₹ 10/-)</b>	<b>41</b>		
	Basic & Diluted		1.82	1.40
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

**For MSKA & Associates**

**(Formerly known as MZSK & Associates)**

Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**

Chairman  
DIN:00255679

**GEETHA JEYAKUMAR**

Partner

**SASHIKALA SRIKANTH**

Director  
DIN: 01678374

**S R RAMAKRISHNAN**

Whole -Time Director  
DIN:00120126

Place : Chennai

Date : 17 May 2018

**K R ANANDAN**

Chief Financial Officer

**M B GANESH**

Secretary

## Statement of changes in equity for the year ended 31 March 2018

### (A) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid up

	No. of shares	₹ In lac
As at 1 April 2016	203640336	20364.03
As at 31 March 2017	203640336	20364.03
<b>As at 31 March 2018</b>	<b>203640336</b>	<b>20364.03</b>

### (B) Other equity

(₹ in lac)

Particulars	Reserves and surplus					Items of other comprehensive income			Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Statutory Reserve	Retained earnings	Effect of measuring investments at fair value	Remeasurement of defined benefit plans	Total	
<b>Balance as at 1 April 2016</b>	97.24	6500.00	21047.71	41.33	(24016.72)	(8.13)	-	3661.43	
Profit for the year	-	-	-	-	2635.33	-	-	2635.33	
Other comprehensive income	-	-	-	-	-	286.31	(78.06)	208.25	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>286.31</b>	<b>(78.06)</b>	<b>2843.58</b>	
<b>Balance as at 31 March 2017</b>	<b>97.24</b>	<b>6500.00</b>	<b>21047.71</b>	<b>41.33</b>	<b>(21381.39)</b>	<b>278.18</b>	<b>(78.06)</b>	<b>6505.01</b>	
<b>Balance as at 1 April 2017</b>	<b>97.24</b>	<b>6500.00</b>	<b>21047.71</b>	<b>41.33</b>	<b>(21381.39)</b>	<b>278.18</b>	<b>(78.06)</b>	<b>6505.01</b>	
Profit for the year	-	-	-	-	3722.55	-	-	3722.55	
Other comprehensive income	-	-	-	-	-	(55.06)	30.93	(24.13)	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	<b>(55.06)</b>	<b>30.93</b>	<b>3698.42</b>	
<b>Balance as at 31 March 2018</b>	<b>97.24</b>	<b>6500.00</b>	<b>21047.71</b>	<b>41.33</b>	<b>(17658.84)</b>	<b>223.12</b>	<b>(47.13)</b>	<b>10203.43</b>	

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

In terms of our report attached  
For **MSKA & Associates**  
(Formerly known as **MZSK & Associates**)  
Chartered Accountants

**GEEETHA JEYAKUMAR**  
Partner

Place : Chennai  
Date : 17 May 2018

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

**SASHIKALA SRIKANTH**  
Director  
DIN : 01678374

**S R RAMAKRISHNAN**  
Whole - Time Director  
DIN:00120126

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

## Cash Flow Statement for the year ended 31 March 2018

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
	<b>Profit for the year before tax</b>		<b>3722.55</b>		2635.33
	Adjustment for :				
	Depreciation and amortisation expense	4011.29		3083.16	
	(Loss) on sale /retirement of assets (Net)	(0.99)		189.49	
	Allowances for doubtful debts and advances	0.41		0.39	
	Provisions no longer required written back	(152.15)		(21253.84)	
	Bad debts and advances written off	-		2093.77	
	Investment written off	-		18453.62	
	Exchange difference	(685.93)		567.67	
	Finance Costs	4087.89		1056.54	
	Income from investments	(3.87)		(4.11)	
	Interest income	(179.97)		(128.39)	
			<b>7076.68</b>		4058.30
	Operating profit before working capital changes		<b>10799.23</b>		6693.63
	Adjustments for (Increase)/Decrease in:				
	Trade receivables	4410.68		(2873.50)	
	Inventories	4176.22		(13687.73)	
	Non current financial assets	12451.29		12489.94	
	Other Non-current assets	(119.16)		(626.21)	
	Current financial assets	(17937.16)		42479.96	
	Other current assets	(17776.41)		(465.49)	
	Adjustments for Increase/(Decrease) in:				
	Other non current financial liabilities	289.98		161.30	
	Trade payables	37560.46		(78122.44)	
	Other current financial liabilities	3346.74		(782.59)	
	Other current liabilities	2498.25		(428.92)	
	Short-term provisions	(89.91)		120.37	
	Deferred tax asset	(6604.50)		-	
			<b>22206.48</b>		(41735.31)
	Cash from / (used in) operations		<b>33005.71</b>		(35041.68)
	Direct taxes paid		<b>(50.86)</b>		(27.67)
	<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>32954.85</b>		(35069.35)

S. No.	Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
	Purchase of Property, Plant and Equipment	(4213.21)		(1904.16)	
	Proceeds from sale of Property, Plant and Equipment	102.96		1.24	
	Income from investments	3.87		4.11	
	Purchase of investment	(21.40)		(7.55)	
	Interest income	186.11		122.74	
	Movement in Bank balances other than cash and cash equivalents	(33.78)		46.38	
			(3975.45)		(1737.24)
	<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(3975.45)</b>		<b>(1737.24)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>				
	Proceeds from long term borrowings	12865.50		3409.50	
	Proceeds from short term borrowings (net)	(40346.69)		33919.48	
	Finance Costs	(1522.65)		(1297.40)	
			(29003.84)		36031.58
	<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>		<b>(29003.84)</b>		<b>36031.58</b>
	<b>NET CASH FLOWS DURING THE YEAR (A+B+C)</b>		<b>(24.44)</b>		<b>(775.01)</b>
	Cash and cash equivalents at the beginning of the year		358.45		1133.46
	Cash and cash equivalents at the end of the year		334.01		358.45
			24.44		775.01
	<b>Cash and cash equivalents comprise (Refer note 13)</b>				
	Cash on hand		4.03		6.85
	Balances with banks		329.98		351.60
	<b>Total cash and bank balances at end of the year</b>		<b>334.01</b>		<b>358.45</b>
	The accompanying notes are an integral part of these financial statements				

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached.  
**For MSKA & Associates**  
**(Formerly known as MZSK & Associates)**  
Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

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**SASHIKALA SRIKANTH**  
Director  
DIN: 01678374

**S R RAMAKRISHNAN**  
Whole -Time Director  
DIN:00120126

Place : Chennai  
Date : 17 May 2018

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018****Note 1: General Information**

Southern Petrochemical Industries Corporation Limited ('the Company'/'SPIC'), 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 National Stock Exchange of India. The Company is manufacturing and selling Urea, a Nitrogenous chemical fertilizer and has its manufacturing facility at Tuticorin.

The Company has been appointed as the Handling Agent by Government of India for handling, packaging, transporting and sale of imported Urea at Karaikal and Tuticorin Ports.

**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 5 for an explanation of how the transition from previous GAAP (Indian GAAP) to Ind AS have affected the Company's financial position, financial performance and Cash flows.

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 assets and liabilities that have been measured at fair value as required by relevant Ind AS.

Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments).

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 sales and the time between the sale 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 3 for detailed discussion on estimates and judgments.

**ii) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. 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'. Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

## 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 tangible assets is recognized so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight line method. The company has followed the useful life as prescribed in Schedule II of the Companies Act 2013, except in respect of the assets pertaining to Tuticorin manufacturing plant in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support.

Asset	Useful Life
Building – Factory	25-65 years
Building – Others	45-75 years
Plant and Machinery	15-49 years
Furniture and Fixtures	12-33 years
Vehicles	8-26 years
Office Equipments	7-38 years
Roads	34-44 years
Railway sidings	40 years

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date of acquisition. 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) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.



### **Transition to Ind AS**

For transition to Ind AS, the company has elected to continue with the carrying value of its investment property recognized as of 1 April 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### **iv) 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.

The estimated useful life of intangible assets - software is 5 years

### **Transition to Ind AS**

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

#### **v) 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 denominated in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

#### **vi) 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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## vii) 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 (upto June 2017) and net of returns and allowances, trade discounts, Goods and Service Tax (since 1 July 2017) and amounts collected on behalf of third parties.

Under the New Pricing Scheme for Urea, the Government of India reimburses, in the form of subsidy, to the Fertilizer Industry, the difference between the cost of production and the selling price realized from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of the rates notified from time to time by the Government of India on the quantity of Urea sold by the company for the period for which notification has been issued.

The said amount has been further adjusted for input price escalation/de-escalation as estimated by the Management in accordance with the known policy parameters in this regard.

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.

## viii) 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.

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**ix) Assets classified as held for sale**

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active program to locate a buyer and complete the plan has been initiated (if applicable),
- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- ▶ Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

**x) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**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.

**xi) 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 lower of cost and net realizable value. 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.

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.

## xii) 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").

## xiii) 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.

## xiv) 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.

## xv) 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:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the Effective Interest Rate method (EIR).

**Fair Value through Other Comprehensive Income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair Value Through Profit or Loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**Equity instruments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

The company has equity instruments in 14 (fourteen) entities which are not held for trading. The company has elected the FVTOCI irrevocable option for these investments. Fair value is determined in the manner described in Note 8.

#### 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 FVTOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

## Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) 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.

## **xvi) Employee Benefits**

### **a. Short-term obligations**

Liabilities for salaries and wages, 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

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

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 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 partly while in service and on discontinuation of service by employee.

#### **xvii) 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.

#### **xviii) 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 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.

#### **xix) 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.

## xx) 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.

## xxi) Subsidy from Government

Subsidies from the government are recognized when there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with. When the subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## xxii) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## Note 3: Significant accounting judgments, estimates and assumptions

The preparation of 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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.

#### a. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

#### b. Defined benefit plans (gratuity benefits and compensated absences)

The cost of the defined benefit plans such as gratuity and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 36.

#### c. Useful lives of Property, Plant and Equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.



**d. Revenue Recognition**

The Company provides customer incentives, such as rebates, based on quantity purchased, timing of collections etc. Various estimates are made to recognise the impact of rebates and other incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and current conditions.

**e. Subsidy Income**

Subsidy income is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the New Pricing Scheme for Urea on the quantity of Urea sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.

**f. Provision for doubtful receivables**

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

**Note 4: 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 28 March 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 1 April 2018.

**b. Ind AS 115- Revenue from Contract with Customers**

On 28 March 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 1 April 2018.

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

**Note 5: First-time adoption to Ind AS**

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.

**Note 5.1: 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

Since there is no change in the functional currency, the Company has elected to continue with carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as its deemed cost at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets and investment properties. Accordingly the management has elected to measure all of its property, plant and equipment, investment properties and intangible assets at their Indian GAAP carrying value.

## b. Impairment of financial assets

The company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### Note 5.2: 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. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

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

(ii) FVTOCI – equity securities

#### b. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2016 (the transition date).

#### c. Classification of debt instruments

The company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

#### d. Equity instruments at FVTOCI

The Company has designated investment in equity shares other than associate and joint ventures as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

### Note 5.3: Reconciliations

The following reconciliations provides the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards:

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

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	g(iv)	28031.80	(139.59)	27892.21
Capital work-in-progress		1178.19	-	1178.19
Intangible asset		-	-	-
Intangible asset under development		47.56	-	47.56
Investment property	g(iv)	-	139.59	139.59

**Note 5.3: Reconciliation of equity continued...**

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Financial assets</b>				
i) Investments				
Investments in Subsidiary		-	-	-
Investments in associates		267.21	-	267.21
Investments in Joint Ventures		1980.47	-	1980.47
Other equity investments	g(vii)	949.74	(10.14)	939.60
Other investments		1.00	-	1.00
Other assets		25139.62	-	25139.62
Current tax assets (Net)		476.72	-	476.72
Deferred tax asset (net)	g(iii)	-	3658.09	3658.09
Other assets		4074.59	-	4074.59
<b>Total non-current assets</b>		<b>62146.90</b>	<b>3647.95</b>	<b>65794.85</b>
<b>Current assets</b>				
Inventories		9252.21	-	9252.21
Financial assets				
Trade receivables		6278.45	-	6278.45
Cash and cash equivalents		1133.46	-	1133.46
Bank balances other than above		437.25	-	437.25
Other assets		76571.10	-	76571.10
Other current assets		931.44	-	931.44
<b>Total current assets</b>		<b>94603.91</b>	<b>-</b>	<b>94603.91</b>
<b>Total assets</b>		<b>156750.81</b>	<b>3647.95</b>	<b>160398.76</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	g(i)	21614.03	(1250.00)	20364.03
Other equity	g(i) & g (ii)	3020.06	641.37	3661.43
<b>Total equity</b>		<b>24634.09</b>	<b>(608.63)</b>	<b>24025.46</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Other financial liabilities		2479.69	-	2479.69
<b>Total non-current liabilities</b>		<b>2479.69</b>	<b>-</b>	<b>2479.69</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	g(i)	11992.28	4256.58	16248.86
Trade payables		114586.61	-	114586.61
Other financial liabilities		1619.16	-	1619.16
Provisions		291.99	-	291.99
Other current liabilities		1146.99	-	1146.99
<b>Total current liabilities</b>		<b>129637.03</b>	<b>4256.58</b>	<b>133893.61</b>
<b>Total liabilities</b>		<b>132116.72</b>	<b>4256.58</b>	<b>136373.30</b>
<b>Total equity and liabilities</b>		<b>156750.81</b>	<b>3647.95</b>	<b>160398.76</b>

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

**Note 5.3: Reconciliation of equity continued...**

**(b) Reconciliation of equity as at 31 March 2017**

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	g(iv)	26264.23	(136.12)	26128.11
Capital work-in-progress		2216.94	-	2216.94
Other intangible assets		-	-	-
Intangible asset under development		53.13	-	53.13
Investment property	g(iv)	-	136.12	136.12
<b>Financial assets</b>				
Investments			-	
Investments in associates		267.21	-	267.21
Investments in Joint Ventures		1980.47	-	1980.47
Other equity investments	g(vii)	957.29	347.74	1305.04
Other investments		1.00	-	1.00
Other assets		12649.68	-	12649.68
Current tax assets (Net)		504.39	-	504.39
Deferred tax asset (net)	g(iii)	-	3586.52	3586.52
Other assets		4024.32	-	4024.32
<b>Total non-current assets</b>		<b>48918.67</b>	<b>3934.26</b>	<b>52852.93</b>
<b>Current assets</b>				
Inventories		22939.94	-	22939.94
Financial assets			-	
Trade receivables		9155.95	-	9155.95
Cash and cash equivalents		358.45	-	358.45
Bank balances other than above		390.87	-	390.87
Other assets		34798.85	-	34798.85
Other assets		1396.93	-	1396.93
Assets held for sale		30.00	-	30.00
<b>Total current assets</b>		<b>69070.99</b>	<b>-</b>	<b>69070.99</b>
<b>Total assets</b>		<b>117989.66</b>	<b>3934.26</b>	<b>121923.92</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	g(i)	21614.03	(1250.00)	20364.03
Other equity	g(i) & g(ii)	5759.37	745.64	6505.01
<b>Total equity</b>		<b>27373.40</b>	<b>(504.36)</b>	<b>26869.04</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		3409.50	-	3409.50
Other Financial Liabilities		2641.00	-	2641.00
<b>Total non-current liabilities</b>		<b>6050.50</b>	<b>-</b>	<b>6050.50</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	g(i)	45729.72	4438.62	50168.34
Trade payables		37031.84	-	37031.84
Other financial liabilities		595.71	-	595.71
Provisions		412.36	-	412.36
Current tax liabilities (net)		796.13	-	796.13
<b>Total current liabilities</b>		<b>84565.76</b>	<b>4438.62</b>	<b>89004.38</b>
<b>Total liabilities</b>		<b>90616.26</b>	<b>4438.62</b>	<b>95054.88</b>
<b>Total equity and liabilities</b>		<b>117989.66</b>	<b>3934.26</b>	<b>121923.92</b>

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

**Note 5.3: Reconciliation of equity continued...**
**(c) Reconciliation of profit or loss for the year ended 31 March 2017**

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	g(v), g(vi)	152919.06	(2676.25)	150242.81
Other income		1379.09	-	1379.09
<b>Total income</b>		<b>154298.15</b>	<b>(2676.25)</b>	<b>151621.90</b>
<b>Expenses</b>				
Cost of material consumed		80532.49	-	80532.49
Purchase of Stock-in-trade		3676.24	-	3676.24
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(5167.88)	-	(5167.88)
Excise duty on sale of goods	g(vi)	-	340.56	340.56
Employee benefit expense	g(ii)	5342.99	(78.06)	5264.93
Finance costs	g(i)	874.50	182.04	1056.54
Depreciation and amortization expense		3083.16	-	3083.16
Other expenses	g(v)	63217.34	(3016.81)	60200.53
<b>Total expenses</b>		<b>151558.84</b>	<b>(2572.27)</b>	<b>148986.57</b>
<b>Profit/(Loss) before exceptional items and tax</b>		<b>2739.31</b>	<b>(103.98)</b>	<b>2635.33</b>
Exceptional items		-	-	-
<b>Profit/(Loss) before tax</b>		<b>2739.31</b>	<b>(103.98)</b>	<b>2635.33</b>
<b>Tax expense</b>				
Current tax		-	-	-
Deferred tax		-	-	-
<b>Total income tax expense</b>		-	-	-
<b>Profit for the year</b>		<b>2739.31</b>	<b>(103.98)</b>	<b>2635.33</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Effect of measuring investments at fair value	g(vii)	-	357.88	357.88
Gain or loss on actuarial valuation of gratuity	g(ii)	-	(78.06)	(78.06)
Income tax effect		-	(71.57)	(71.57)
		-	<b>208.25</b>	<b>208.25</b>
Other comprehensive income for the year		-	<b>208.25</b>	<b>208.25</b>
<b>Total other comprehensive income for the year</b>		<b>2739.31</b>	<b>104.27</b>	<b>2843.58</b>

\* 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**

(₹ in lac)

Particulars	Notes to first-time adoption	As at 1 April 2017	As at 1 April 2016
Shareholder's equity as per Indian GAAP audited financial statements		27373.40	24634.09
<b>Adjustment</b>			
(i) Preference share capital	g(i)	(1250.00)	(1250.00)
(ii) Tax on unabsorbed depreciation	g(iii)	3656.07	3656.07
(iii) Redeemable preference shares dividend	g(i)	(3188.62)	(3006.58)
(iv) Effect of measuring investments at fair value	g(iv)	286.31	(8.13)
(v) Gain or loss on actuarial valuation of gratuity	g(ii)	(8.13)	-
<b>Total Adjustment</b>		<b>(504.38)</b>	<b>(608.64)</b>
<b>Shareholder's equity as per Ind AS</b>		<b>26869.03</b>	<b>24025.45</b>

## Note 5.3: Reconciliation of equity continued...

### (e) Reconciliation of total comprehensive income for the year ended 31 March 2017

(₹ in lac)

Particulars	Notes to first-time adoption	As at 1 April 2017
Profit as per Indian GAAP		2739.31
Adjustment		
(i) Redeemable preference shares dividend	g(i)	(182.04)
(ii) Effect of measuring investments at fair value (Net of deferred tax)	g(vii)	286.31
<b>Total</b>		<b>104.27</b>
<b>Profit as per Ind AS</b>		<b>2843.58</b>

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

(₹ in lac)

	Indian GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	(35069.35)	-	(35069.35)
Net cash flow from investing activities	(1737.25)	(0.01)	(1737.24)
Net cash flow from financing activities	36031.59	(0.01)	36031.58
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(775.01)</b>	-	<b>(775.01)</b>
Cash and cash equivalents as at 1 April 2016	1133.46	-	1133.46
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>358.45</b>	-	<b>358.45</b>

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

### (g) Notes to first-time adoption

#### (i) Redeemable preference shares

The Company had issued fully non convertible preference shares. They carry fixed cumulative dividend and non convertible at the option of the holder into the equity instruments of the Company. Under Indian GAAP, non convertible preference shares were classified as equity. Under Ind AS, non convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognized using the effective interest method. Thus the non convertible preference shares equity amount under Indian GAAP is reduced by ₹1250 lac as on 31 March 2017 (1 April 2016 ₹ 1250 lac) with a corresponding increase in borrowings as liability component.

#### (ii) 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 ₹78.06 lac and re-measurement gains/ losses on defined benefit plans of the corresponding amount has been recognized in the OCI, net of taxes.

#### (iii) Deferred tax

Indian GAAP requires assessment of virtual certainty in case of losses for recognizing deferred tax asset, but under Ind AS deferred tax assets are recognized 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. The company has recognized deferred tax asset on unabsorbed depreciation resulting in an additional deferred tax asset of ₹ 4568.02 lac as of 1 April 2016 and ₹ 4568.02 lac as on 31 March 2017.

#### (iv) Investment Property

Under previous GAAP, there was no requirement to present investment property separately and the same was included under fixed assets and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1 April 2016 of ₹ 139.59 lac and as at 31 March 2017 of ₹ 136.12 lac under previous GAAP has been reclassified to a separate line item on the face of the balance sheet.

#### (v) Revenue

Under Ind-AS, cash discounts are considered part of the overall consideration receivable and is recognized on an estimated basis at the time of sales. Under Indian GAAP cash discounts are recognized at the time of collection from debtors and is disclosed as part of other expenses. The change does not affect total equity as at 1 April 2016 and 31 March 2017, profit before tax or total profit for the year ended 31 March 2017.

**Note 5.3: Reconciliation of equity continued...****(vi) 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 1 April 2016 and 31 March 2017, profit before tax or total profit for the year ended 31 March 2017.

**(vii) Fair valuation of investments**

Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTOCI on the date of transition. The fair value changes are recognised in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP, resulting in an increase in carrying amount by ₹ 347.74 lac as at 31 March 2017 and decrease in carrying amount by ₹ 10.14 lac as at 1 April 2016. The corresponding deferred taxes have also been recognised as at 31 March 2017 ₹ 69.54 lac and as at 1 April 2016 ₹ (2.03) lac. The net effect of these changes is an increase in total equity as at 31 March 2017 of ₹ 278.18 lac (as at 1 April 2016 ₹ (8.13) lac).

(₹ in lac)

**Note 6: Property, Plant and Equipment**

Particulars	Gross block			Accumulated depreciation and impairment				Net block		
	Opening Balance as at 1 April 2017	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2018	Opening Balance as at 1 April 2017	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>(i) Tangible Assets (Owned)</b>										
(a) Land (Freehold)	4720.23	-	5.75	4714.48	-	-	-	-	4714.48	4720.23
(b) Buildings	2995.91	306.42	13.54	3288.79	164.49	167.38	9.65	322.22	2966.57	2831.42
(c) Plant and Equipment	19128.02	913.04	617.97	19423.09	1873.97	2704.00	557.42	4020.55	15402.54	17254.05
(d) Furniture and Fixtures	57.04	3.97	0.37	60.64	5.17	5.27	0.50	9.94	50.70	51.87
(e) Vehicles	69.47	80.86	8.34	141.99	7.62	12.53	7.14	13.01	128.98	61.85
(f) Office equipments	1010.56	1061.45	9.51	2062.50	140.13	1060.51	8.80	1191.84	870.66	870.43
(g) Roads	74.55	-	-	74.55	20.61	21.04	-	41.65	32.90	53.94
(h) Railway Sidings	298.14	-	-	298.14	13.82	13.82	-	27.64	270.50	284.32
<b>Total</b>	<b>28353.92</b>	<b>2365.74</b>	<b>655.48</b>	<b>30064.18</b>	<b>2225.81</b>	<b>3984.55</b>	<b>583.51</b>	<b>5626.85</b>	<b>24437.33</b>	<b>26128.11</b>
<b>(ii) Intangible Assets</b>										
-Softwares	-	129.98	-	129.98	-	23.27	-	23.27	106.71	-

(₹ in lac)

**Previous year**

Particulars	Gross block			Accumulated depreciation and impairment				Net block		
	Opening Balance as at 1 April 2016	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2017	Opening Balance as at 1 April 2016	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2017	As at 31 March 2017	As at 1 April 2016
<b>Tangible Assets (Owned)</b>										
(a) Land (Freehold)	4707.94	42.29	30.00	4720.23	-	-	-	-	4720.23	4707.94
(b) Buildings	2995.91	-	-	2995.91	-	164.49	-	164.49	2831.42	2995.91
(c) Plant and Equipment	18781.79	1373.44	1027.21	19128.02	-	2712.32	838.35	1873.97	17254.05	18781.79
(d) Furniture and Fixtures	56.53	0.51	-	57.04	-	5.17	-	5.17	51.87	56.53
(e) Vehicles	67.40	5.05	2.98	69.47	-	10.34	2.72	7.62	61.85	67.40
(f) Office equipments	932.58	91.88	13.90	1010.56	-	152.94	12.81	140.13	870.43	932.58
(g) Roads	51.92	22.63	-	74.55	-	20.61	-	20.61	53.94	51.92
(h) Railway Sidings	298.14	-	-	298.14	-	13.82	-	13.82	284.32	298.14
<b>Total</b>	<b>27892.21</b>	<b>1535.80</b>	<b>1074.09</b>	<b>28353.92</b>	<b>-</b>	<b>3079.69</b>	<b>853.88</b>	<b>2225.81</b>	<b>26128.11</b>	<b>27892.21</b>



**Note 7: Investment Property**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Carrying amount of Completed investment property	132.65	136.12	139.59
<b>Total</b>	<b>132.65</b>	136.12	139.59

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Cost or Deemed cost</b>			
<b>Balance at the beginning of the year</b>	<b>139.59</b>	139.59	139.59
Additions	-	-	-
<b>Balance at the end of the year</b>	<b>139.59</b>	139.59	139.59
<b>Accumulated depreciation and impairment</b>			
<b>Balance at the beginning of the year</b>	<b>3.47</b>	-	-
Depreciation expense	3.47	3.47	-
<b>Balance at the end of the year</b>	<b>6.94</b>	3.47	-

**Note 7.1: Fair value of the Company's investment property**

As at 31 March 2018 and 31 March 2017, the fair values of the property are INR ₹316.96 lac and INR ₹316.96 lac respectively. These valuations are based on valuations performed by M/s. Anbusivam Valuers., an accredited independent valuer. M/s. Anbusivam Valuers, is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

**Note 7.2: Information regarding income and expenditure of Investment property**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	10.48	10.48
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
	10.48	10.48
Less : Depreciation	(3.47)	(3.47)
Profit arising from investment properties before indirect expenses	7.01	7.01

The Company's investment properties consist of commercial property in Chennai given on non-cancellable lease for a period of 5 Years

**Note 7.3:** Under previous GAAP, there was no requirement to present investment property separately and the same was included under fixed assets and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1 April 2016 of ₹ 139.59 lac and as at 31 March 2017 of ₹ 136.12 lac under previous GAAP has been reclassified to a separate line item on the face of the balance sheet.

## Note 8: Investments

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A Investment in Subsidiary at cost</b>			
- SPIC Fertilizers and Chemicals Limited, Mauritius (Unquoted) (2017: 3,26,40,000 and 2016: 3,26,40,000) Equity Shares of USD 1 each	-	-	18453.62
Provision for Diminution in Investment value	-	-	(18453.62)
<b>Total Investment in subsidiary</b>	-	-	-
<b>B Investments in Associates at cost</b>			
<b>1. Quoted Investments in equity instruments</b>			
- Tuticorin Alkali Chemicals and Fertilizers Limited (Refer Note 8 (i) below) 66,80,113 (2017: 66,80,113 and 2016 :66,80,113) Equity Shares of ₹ 10 each, fully paid up	<b>1935.67</b>	1935.67	1935.67
Provision for Diminution in Investment value	<b>(1668.46)</b>	(1668.46)	(1668.46)
<b>Total Aggregate Quoted Investments (1)</b>	<b>267.21</b>	267.21	267.21
<b>2. Unquoted investments</b>			
<b>a) Investments in equity instruments.</b>			
- Gold Nest Trading Company Limited 2,49,000 (2017:2,49,000 and 2016:2,49,000) Equity Shares of ₹ 100 each, fully paid up	<b>250.25</b>	250.25	250.25
Provision for Diminution in Investment value	<b>(250.25)</b>	(250.25)	(250.25)
-Greenam Energy Private Limited 2 (2017:Nil and 2016: Nil) Equity Shares of ₹ 10 each, fully paid up (Refer Note 8(iv)(b) below)	<b>0.00</b>	-	-
<b>b) Investment in preference shares</b>			
- Tuticorin Alkali Chemicals and Fertilisers Limited 20,00,000 (2017:20,00,000 and 2016:20,00,000) 5% Redeemable Cumulative Preference Shares of ₹ 100 each, fully paid up	<b>2000.00</b>	2000.00	2000.00
Provision for Diminution in Investment value	<b>(2000.00)</b>	(2000.00)	(2000.00)
<b>Total Aggregate Unquoted Investments (2)</b>	<b>0.00</b>	-	-
<b>Total Investments in associates (1) + (2)</b>	<b>267.21</b>	267.21	267.21
<b>C Investments in Joint Ventures at cost</b>			
<b>1. Quoted Investments in equity instruments</b>			
- Tamilnadu Petroproducts Limited 1,52,34,375 (2017:1,52,34,375 and 2016:1,52,34,375) Equity Shares of ₹ 10 each	<b>1980.47</b>	1980.47	1980.47
<b>Total Aggregate Quoted Investments (1)</b>	<b>1980.47</b>	1980.47	1980.47
<b>2. Unquoted Investments in equity instruments</b>			
- National Aromatics and Petrochemicals Corporation Limited 25,000 (2017:25,000 and 2016:25,000) Equity Shares of ₹ 10 each	<b>2.50</b>	2.50	2.50
Provision for Diminution in Investment value	<b>(2.50)</b>	(2.50)	(2.50)
<b>Total Aggregate Unquoted Investments (2)</b>	-	-	-
<b>Total Investments in joint ventures (1) + (2)</b>	<b>1980.47</b>	1980.47	1980.47

**Note 8: Investments continued...**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>D Other Equity Investments carried at FVTOCI</b>			
<b>1. Quoted Investments in equity instruments</b>			
<b>Investments in equity</b>			
- Manali Petrochemicals Limited 10,000 (2017 :10,000 and 2016 :10,000) Equity shares of ₹ 5 each, fully paid up	<b>3.36</b>	3.985	2.52
- State Bank of India 9,660 (2017 # :3,450 and 2016 :3,450 Equity Shares of ₹ 10 each) Equity Shares of ₹1 each, fully paid up	<b>24.14</b>	26.49	17.24
- ICICI Bank Limited 2106 (2017 :1915 and 2016 :1915) Equity Shares of ₹ 2 each, fully paid up	<b>5.86</b>	5.30	4.53
- Mercantile Ventures Limited 92,20,000 (2017 :92,20,000 and 2016:92,20,000) Equity Shares of ₹ 10 each, fully paid up	<b>963.49</b>	1087.96	793.84
- SICAGEN India Limited (Refer Note 8(ii) below) 5,77,681 (2017: 5,77,681 and 2016: 5,77,681) Equity Shares of ₹ 10 each, fully paid up	<b>206.81</b>	148.75	96.47
<b>Total Aggregate Quoted Investments (1)</b>	<b>1203.66</b>	1272.49	914.60
<b>2. Unquoted investments</b>			
<b>Investments in equity</b>			
- SPIC Petrochemicals Limited (Refer Note 8 (iii) below) 25,37,50,009 (2017 :25,37,50,009 and 2016 :25,37,50,009) Equity Shares of ₹ 10 each, fully paid up	<b>25375.00</b>	25375.00	25375.00
Provision for Diminution in Investment value	<b>(25375.00)</b>	(25375.00)	(25375.00)
- Biotech Consortium India Limited 2,50,000 (2017 :2,50,000 and 2016 :2,50,000) Equity Shares of ₹ 10 each, fully paid up	<b>25.00</b>	25.00	25.00
- Chennai Willington Corporate Foundation 50 (2017: 50 and 2016 : 50 ) Equity Shares of ₹ 10 each costing ₹ 450, fully paid up	<b>0.00</b>	0.00	0.00
- OPG Power Generation Private Limited (Refer Note 8 (iv) (a) below) 2,54,700 (2017 :68,700 and 2016: Nil) Equity Shares of ₹10 each, fully paid up	<b>28.95</b>	7.55	-
<b>Total Aggregate Unquoted Investments (2)</b>	<b>53.95</b>	32.55	25.00
<b>Total Other equity Investments (1) + (2)</b>	<b>1257.61</b>	1305.04	939.60
<b>E Other Investments carried at FVTOCI</b>			
<b>1 Investments in Preference Shares</b>			
- SPIC Petrochemicals Limited (Refer Note 8 (iii) below) 5,000 (2017 :5,000 and 2016 :5,000 ) 8% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each, fully paid up	<b>5.00</b>	5.00	5.00
Provision for Diminution in Investment value	<b>(5.00)</b>	(5.00)	(5.00)
<b>Total Aggregate Unquoted Investments in preference shares (1)</b>	-	-	-

**Note 8: Investments continued...**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>2 Investment in bonds - fully paid up</b>			
- SPIC Petrochemicals Limited* (Refer Note 8 (iii) below)			
[Zero interest non-transferable bonds]			
* Repayable in ten equal half-yearly instalments after 12 years from the commencement of commercial production or total re-payment of the term loan to the lenders whichever is earlier. The carrying value of this investment has been fully provided for.			
Provision for Diminution in Investment value			
	<b>30609.63</b>	30609.63	30609.63
	<b>(30609.63)</b>	(30609.63)	(30609.63)
<b>Total Aggregate Investments in Bond( 2)</b>	-	-	-
<b>3 Investment in Mutual Funds (all fully paid)</b>			
- Canara Robecco Equity Diversified - Growth Plan (formerly known as Canara Robecco Fortune) - 94 units			
12,760 (2017 :12,760 and 2016 :12,760 ) Units of ₹ 10 each			
	<b>1.00</b>	1.00	1.00
<b>Total Aggregate Investments In Mutul Funds (3)</b>	<b>1.00</b>	1.00	1.00
<b>Total Other Investments (1) + (2) + (3)</b>	<b>1.00</b>	1.00	1.00
<b>Aggregate book value of</b>			
- a) Quoted investments	<b>3451.34</b>	3520.16	3162.28
- b) Unquoted investments	<b>54.95</b>	33.55	26.01
<b>Aggregate market value of</b>			
- Quoted investments	<b>9252.89</b>	7664.98	4317.40

\* Erstwhile State Bank of Bikanar and Jaipur merged with State Bank of India and SBI shares allotted

8 (i) The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said Company without their prior approval.

8 (ii) Consequent to the Scheme of Arrangement (Demerger) between SICAL Logistics Limited and SICAGEN India Limited, sanctioned by the Hon'ble High Court of Madras, by its order dated 20 December 2007, the Company was allotted 5,77,681 Equity Shares of the face value of ₹ 10 each in SICAGEN India Limited.

8 (iii) The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn and Purified Terephthalic Acid. The Company had invested ₹25375.00 lac in the equity share capital, ₹5.00 lac in preference share capital and ₹30609.63 lac in Unsecured Zero Interest Bonds. Consequent to the litigation between Chennai Petroleum Corporation Limited (CPCL) and the Company, the implementation of the project was injuncted. On the winding up petitions that were filed by certain unsecured creditors, the Hon'ble Madras High Court ordered the winding up of the Company on 17 April 2009.

In view of the above developments, full provision had already been made in the earlier years for the carrying value of investments and also for all other dues from this Company.

8 (iv) During the year, the Company invested in:

- 1,86,000 numbers of Equity shares at ₹ 10/- each, at a premium of ₹ 1.50/- per share, aggregating ₹ 21.39 lac in OPG Power Generation Private Limited pursuant to the Share Purchase and Shareholders Agreement dated 22 December 2016 and the Addendum thereto dated 22 June 2017 for purchase and consumption of 10MW of power at a concessional tariff as applicable under Group Captive Scheme of the Government of India under Electricity Rules, 2005 to achieve savings in cost of power.
- 2 equity shares at ₹10/- each at par in M/s. Greenam Energy Private Limited, a company incorporated for setting up a 25 – 29 MW DC solar power project.

**Note 9: Other financial assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A) Other financial assets - Non current</b>			
<b>Financial assets carried at amortized cost</b>			
Deposits			
Considered good	199.49	156.52	175.12
Considered Doubtful	129.26	116.77	129.11
	328.75	273.29	304.23
Less: Allowance for doubtful deposits	129.26	116.77	129.11
	199.49	156.52	175.12
Loans to employees			
Considered good	-	0.78	1.07
Considered Doubtful	5.84	5.03	7.15
	5.84	5.81	8.22
Less: Allowance for doubtful deposits	5.84	5.03	7.15
	-	0.78	1.07
Subsidy Receivable	-	12492.38	24963.43
<b>Total</b>	<b>199.49</b>	<b>12649.68</b>	<b>25139.62</b>
<b>B) Other financial assets - current</b>			
<b>Financial assets carried at amortized cost</b>			
Loans to related parties			
Considered good	58.86	2941.26	70.27
Considered Doubtful	1488.16	1487.75	4283.58
	1547.02	4429.01	4353.85
Less: Allowance for doubtful deposits	1488.16	1487.75	4283.58
	58.86	2941.26	70.27
Interest accrued on deposits	89.01	95.15	89.50
Insurance claims receivable	0.07	0.07	0.07
Subsidy Receivable	52581.52	31762.37	76411.26
<b>Total</b>	<b>52729.46</b>	<b>34798.85</b>	<b>76571.10</b>

**Note 10: Other Non-Current Assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits			
Considered good	3052.05	2932.50	2386.59
Considered Doubtful	1.81	1.81	1.81
	3053.86	2934.31	2388.40
Less: Allowance for doubtful deposits	1.81	1.81	1.81
	3052.05	2932.50	2386.59
Advances to employees			
Considered Doubtful	13.21	15.27	13.15
Less: Allowance for doubtful advances	13.21	15.27	13.15
	-	-	-
Capital advances	608.79	127.49	803.97
Balances with government authorities			
Considered good	963.94	964.33	884.03
Considered Doubtful	210.22	210.22	210.22
	1174.16	1174.55	1094.25
Less: Allowance for doubtful balances	210.22	210.22	210.22
	963.94	964.33	884.03
<b>Total</b>	<b>4624.78</b>	<b>4024.32</b>	<b>4074.59</b>

**Note 11: Inventories**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials in stock (at cost)	10254.39	4274.63	4772.56
Raw material in-transit (at cost)	-	8334.81	-
	10254.39	12609.44	4772.56
Work in progress in stock (At cost) (Refer Note 11(i) below)	2005.15	219.39	62.09
Finished goods in stock (At lower of cost and net realizable value)	3801.02	5540.69	593.11
Stock in trade (At lower of cost and net realizable value)	10.38	1558.19	1495.19
Stores and spares including packing material (At cost)	1705.14	1489.91	1719.75
Stores and spares in-transit	-	-	21.53
	-	-	1741.28
Fuel Oil (at cost)	1098.54	1522.32	587.98
<b>Total</b>	<b>18874.62</b>	<b>22939.94</b>	<b>9252.21</b>

**11 (i): Details of work-in-progress**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Tissue Culture	128.59	170.14	60.25
Others	1876.56	49.25	1.84
<b>Total</b>	<b>2005.15</b>	<b>219.39</b>	<b>62.09</b>

**Note 12: Trade receivables**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good	4745.27	9155.95	6278.45
Unsecured, considered doubtful	649.03	649.04	780.64
	5394.30	9804.99	7059.09
Less: Allowance for doubtful debts	649.03	649.04	780.64
<b>Total</b>	<b>4745.27</b>	<b>9155.95</b>	<b>6278.45</b>

**Note 13 (A): Cash and cash equivalents**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
- In current accounts	329.11	350.74	1128.63
- In EEFC accounts	0.87	0.86	0.88
Cash on hand	4.03	6.85	3.95
<b>Total</b>	<b>334.01</b>	<b>358.45</b>	<b>1133.46</b>

**For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Cash and cash equivalents</b>			
Balances with banks:			
- In current accounts	329.11	350.74	1128.63
- In EEFC accounts	0.87	0.86	0.88
Cash on hand	4.03	6.85	3.95
<b>Total</b>	<b>334.01</b>	<b>358.45</b>	<b>1133.46</b>

**Note 13 (B): Bank balances other than Cash and cash equivalent**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- Balances held as margin money or security against borrowings, guarantees and other commitments	420.45	372.65	426.79
-Balance in Escrow Account	4.20	18.22	10.46
<b>Total</b>	<b>424.65</b>	<b>390.87</b>	<b>437.25</b>

**Note 14: Other current assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances to employees - Considered good	1.60	5.32	2.33
Other Advances			
Considered good	127.22	238.53	130.99
Considered Doubtful	493.12	505.47	365.61
	<b>620.34</b>	<b>744.00</b>	<b>496.60</b>
Less: Allowance for doubtful advances	493.12	505.47	365.61
	<b>127.22</b>	<b>238.53</b>	<b>130.99</b>
Prepaid expenses	216.23	199.65	179.13
Balances with government authorities			
Considered good	18387.81	704.40	279.96
Considered Doubtful	37.40	37.40	37.40
	<b>18425.21</b>	<b>741.80</b>	<b>317.36</b>
Less: Allowance for doubtful balances	37.40	37.40	37.40
	<b>18387.81</b>	<b>704.40</b>	<b>279.96</b>
Advances to Suppliers	440.48	249.03	339.03
<b>Total</b>	<b>19173.34</b>	<b>1396.93</b>	<b>931.44</b>

**Note 15: Assets held for sale**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed assets held for sale	-	30.00	-
<b>Total</b>	<b>-</b>	<b>30.00</b>	<b>-</b>

**Note 16 Share Capital**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Authorised:</b>			
31,60,00,000 (31,60,00,000) Equity shares of ₹10 each	31600.00	31600.00	31600.00
55,00,000 (55,00,000) Redeemable cumulative preference shares of ₹100 each	5500.00	5500.00	5500.00
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible Preference (FCCP) shares of ₹18 each	5400.00	5400.00	5400.00
	<b>42500.00</b>	<b>42500.00</b>	<b>42500.00</b>
<b>Issued, subscribed and fully paid up:</b>			
20,36,40,336 ( 20,36,40,336 ) Equity shares of ₹10 each (Refer note 16 (i) to 16 (iii) below)	20364.03	20364.03	20364.03

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

**16 (ii): Details of Shareholders holding more than 5% shares in the Company**

Class of shares / Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>						
AMI Holdings Private Limited, India	<b>3,72,76,700</b>	<b>18.31</b>	3,72,76,700	18.31	3,72,76,700	18.31
Lotus Fertilizers Private Limited	<b>2,79,95,454</b>	<b>13.75</b>	2,79,95,454	13.75	2,79,95,454	13.75
The Bank of Newyork Mellon	<b>1,69,41,800</b>	<b>8.32</b>	1,70,66,800	8.38	1,70,66,800	8.38
FICON Holdings Limited	<b>1,56,82,775</b>	<b>7.70</b>	1,56,82,775	7.70	1,56,82,775	7.70
<b>Preference Shares</b>						
14.50% Redeemable cumulative non-convertible preference shares						
Bajaj Auto Limited	<b>3,00,000</b>	<b>100.00</b>	3,00,000	100.00	3,00,000	100.00
11.50% Redeemable cumulative non-convertible preference shares						
Punjab and Sind Bank	-	-	1,50,000	17.65	1,50,000	17.65
State Bank of India (formerly State Bank of Mysore)	-	-	1,00,000	11.76	1,00,000	11.76
United India Insurance Company Limited	<b>1,00,000</b>	<b>11.76</b>	1,00,000	11.76	1,00,000	11.76
AMI Holdings Private Limited, India	<b>6,50,000</b>	<b>76.48</b>	-	-	-	-
Dynamic Global Trading Corporation Limited	<b>1,00,000</b>	<b>11.76</b>	5,00,000	58.83	-	-
The Jammu and Kashmir Bank Ltd	-	-	-	-	5,00,000	58.83
10.00% Redeemable cumulative non-convertible preference shares						
Mrs. Brij Darbari Seth & Mrs Biya Sanjay Thukral	-	-	25,000	25.00	25,000	25.00
AMI Holdings Private Limited, India	<b>1,00,000</b>	<b>100.00</b>	75,000	75.00	-	-
Ms Mina Rohit Chand	-	-	-	-	25,000	25.00
Mrs Dolly Robin Lai & Robin Diwan Lai	-	-	-	-	25,000	25.00
Mrs Sindhu Seth	-	-	-	-	25,000	25.00



**16 (iii): Equity shares include :**

- (a) 1,66,66,666 shares of ₹10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of ₹18 per share inclusive of a premium of ₹8 per share in accordance with Issue of Capital and Disclosure Requirements Regulations, 2009 ("SEBI ICDR Regulations") by conversion of secured debts of a sum of ₹ 3000 lac in to equity at the meeting of the Board of Directors held on 30 March 2010.
- (b) 32,14,734 shares of ₹ 10 each fully paid up, at an issue price of ₹ 19 per share inclusive of premium of ₹ 9 per share in accordance with SEBI ICDR Regulations, 2009 allotted to secured lenders on conversion of secured debts of ₹ 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010.
- (c) 1,06,71,001 shares of ₹ 10 each fully paid up, at an issue price of ₹ 20 per share inclusive of premium of ₹ 10 per share in accordance with SEBI ICDR Regulations, 2009 allotted to ARCIL on conversion of secured debts of ₹ 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010.
- (d) 12,631 equity shares of ₹10 each fully paid up issued to Industrial Investment Bank of India, on preferential basis, at an issue price of ₹ 19 per share, which includes a premium of ₹9 per share by way of conversion of secured debt of ₹ 2.40 lac, at the meeting of the Shareholders' / Investor's Grievance Committee held on 27 April 2012.
- (e) 72,631 equity shares of ₹10 each fully paid up issued to United India Insurance Company Ltd., on preferential basis, at an issue price of ₹ 19 per share, which includes a premium of ₹9 per share by way of conversion of secured debt of ₹ 13.80 lac, at the meeting of the Shareholders' / Investor's Grievance Committee held on 9 November 2012.
- (f) 3,72,76,700 equity shares of ₹10 each fully paid up were issued to AMI Holdings Pvt Ltd, a company belonging to promoter group, on preferential basis, at an issue price of ₹ 17.50 per share, which included a premium of ₹7.50 per share by way of conversion of 3,72,76,700 warrants, at the meetings of Shareholders' / Investor's Grievance Committee held on 10 January 2013 and 13 March 2013.
- (g) 1,69,41,800 equity shares were issued against the Global Depository Receipts (GDRs) and is held by The Bank of New York, Mellon, as depository for the GDRs.

**Terms/rights attached to Equity Shares:**

The company has only one class of equity shares having a par value of ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**16 (iv): Terms/rights attached to Preference Shares**

In the event of non-declaration of dividend in respect of any financial year, arrears of dividend will be declared in the subsequent financial years subject to the provisions of the Companies Act, and / or any statutory modifications thereto, or re-enactments thereof as may be in force from time to time, prior to payment of dividend on equity shares.

## Note 17: Other Equity

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital Reserve	97.24	97.24	97.24
Capital Redemption Reserve	6500.00	6500.00	6500.00
Securities Premium Account	21047.71	21047.71	21047.71
Statutory Reserve	41.33	41.33	41.33
(Deficit) in Statement of Profit and Loss			
Opening balance	(21381.39)	(24016.72)	
Add: Profit for the year	3722.55	2635.33	
Closing balance	(17658.84)	(21381.39)	(24016.72)
-Reserve for equity instruments through other comprehensive income			
Opening balance	278.18	(8.13)	
Add: Effect of measuring investments at fair value	(55.06)	286.31	
Closing balance	223.12	278.18	(8.13)
-Remeasurement of the net defined benefit plans	(47.13)	(78.06)	-
<b>Total</b>	<b>10203.43</b>	<b>6505.01</b>	<b>3661.43</b>

### Capital Reserve and Statutory Reserve :

Capital Reserve of ₹ 97.24 lac and Statutory Reserve of ₹ 41.33 lac represents reserves transferred to the Company on merger of SPIC Holdings and investments Ltd (SHIL) with the Company during 2006-07.

### Capital Redemption Reserve

Capital redemption reserve has been created pursuant to the requirements of the Companies Act 2013, under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

### Securities Premium Account

Securities premium reserve represents the amount received as share premium 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 Act.

## Note 18: Non-current borrowings

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term loans			
From Related Parties (Refer Note 18 (i) below)	16275.00	3409.50	-
<b>Total</b>	<b>16275.00</b>	<b>3409.50</b>	<b>-</b>

**18 (i):** The Company has during November 2016 issued unsecured Indian Rupee denominated bonds (Masala Bonds) of ₹6670 lac to AM International Holdings Pte Ltd, Singapore, which has been approved by the Board of Directors vide their meeting held on 20 September 2016. These bonds are repayable after three years and carry an interest of 9% which is payable at quarterly intervals falling due on 22 February, 22 May, 22 August and 22 November of each year.

Out of the total amount, the Company has utilised ₹16275 lac (Previous year : ₹ 3409.50 lac) as at the Balance Sheet date.

**Note 19: Other Financial Liabilities**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A Other financial liabilities - non-current</b>			
Trade / security deposits received	2582.77	2292.79	2131.48
Liabilities for expenses	348.21	348.21	348.21
<b>Total</b>	<b>2930.98</b>	<b>2641.00</b>	<b>2479.69</b>
<b>B Other financial liabilities - current</b>			
Interest accrued but not due on borrowings	101.70	52.10	106.32
Interest accrued and due on borrowings	34.48	72.76	259.40
Retention Money	51.94	56.26	33.67
Other payables			
- Trade / security deposits received	0.10	0.10	7.38
- Advances from customers and other parties	3765.55	414.49	1212.39
<b>Total</b>	<b>3953.77</b>	<b>595.71</b>	<b>1619.16</b>

**Note 20: Current borrowings**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term loans (at amortised cost)			
From banks- Secured	1061.00	41314.39	-
From banks- Unsecured	2387.70	2481.00	-
Loans repayable on demand (at amortised cost)			
From other parties- Unsecured	1934.33	1934.33	11992.28
<b>Unsecured - at amortised cost</b>			
3,00,000 (2017: 3,00,000 and 2016: 3,00,000) 14.50% Redeemable (Refer Note 16(i) to 16(iv) and Notes below) cumulative non-convertible preference shares of ₹100 each	300.00	300.00	300.00
8,50,000 (2017: 8,50,000 and 2016: 8,50,000) 11.50% Redeemable (Refer Note 16(i) to 16(iv) and Notes below) cumulative non-convertible preference shares of ₹100 each	850.00	850.00	850.00
1,00,000 (2017:1,00,000 and 2016:1,00,000) 10.00% Redeemable (Refer Note 16(i) to 16(iv) and Notes below) cumulative non-convertible preference shares of ₹100 each	100.00	100.00	100.00
Interest accrued on cumulative preference shares	3370.66	3188.62	3006.58
<b>Total</b>	<b>10003.69</b>	<b>50168.34</b>	<b>16248.86</b>

**Notes**

- 14.50% Redeemable cumulative non-convertible preference shares of ₹300 lac issued on private placement basis, redeemable at par after the expiry of 60 months from the date (s) of allotment, have fallen due for redemption during the year 2001-02.
- 11.50% Redeemable cumulative non-convertible preference shares of ₹850 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2002-03.
- 10.00% Redeemable cumulative non-convertible preference shares of ₹100 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2003-04.

## Note 21: Trade payables

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade payables:</b>			
- Total outstanding dues to Micro Enterprises and Small Enterprises (Refer Note 21(i) below)	-	4.48	0.10
- Total outstanding dues other than Micro Enterprises and Small Enterprises	<b>73906.37</b>	37027.36	114586.51
<b>Total</b>	<b>73906.37</b>	37031.84	114586.61

### 21 (i): Dues to Micro, Small and Medium Enterprises:

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. (₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	4.48	0.10
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

## Note 22: Short-term provisions

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Provision for employee benefits:</b>			
- Provision for compensated absences	<b>322.45</b>	412.36	291.99
<b>Total</b>	<b>322.45</b>	412.36	291.99

## Note 23 Other current liabilities

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
MAT Payable (Refer Note 23 (i) below)	<b>4476.06</b>	-	-
Other payables			
- Statutory remittances	<b>156.19</b>	333.05	429.52
- Gratuity payable	<b>220.69</b>	162.75	310.57
- Superannuation fund payable	<b>782.38</b>	300.33	406.90
<b>Total</b>	<b>5635.32</b>	796.13	1146.99

23 (i): During the current year, the Company had received Order under Section 154 of the Income-tax Act 1961 for the financial year 2012-13, wherein demand of ₹ 8456.21 lac (including interest of ₹2214.59 lac), has been raised against the Company. The demand was arising out of the book profits for the financial year 2012-13. Since the Company has accumulated losses under normal provision of the Income Tax Act, 1961, liability is determined under section 115 JB, Minimum Alternate Tax (MAT) provisions. An asset has been recognised in the Balance Sheet for the tax liability of ₹6241.62 lac as it gives rise to future economic benefits in the form of tax credit against future income tax liability, as there is convincing evidence that the Company will utilise the asset to pay normal tax before the expiry of the period during which the credit is to be utilised. Interest liability of ₹2214.59 lac has been included in Finance Cost.

**Note 24: Revenue from operations**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	42947.93	39381.29
Less: Rebates and discounts	(2464.30)	(3026.50)
	40483.63	36354.79
Subsidy Income	157918.12	112622.18
Sales (Refer Note 24 (i) below)	198401.75	148976.97
Other operating revenues (Refer Note 24 (ii) below)	1044.05	1265.84
<b>Total</b>	<b>199445.80</b>	<b>150242.81</b>

**24 (i): Sales**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<u>Manufactured goods</u>		
Urea	35335.83	28483.62
Fertiliser and Transport Subsidy (Urea)	157918.12	112622.18
Others	1071.33	1156.43
<u>Traded goods</u>		
Imported Urea	4076.47	6714.74
<b>Total</b>	<b>198401.75</b>	<b>148976.97</b>

**24 (ii): Other Operating Revenues**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Facility Sharing Income	855.66	972.44
Sale of scrap	80.36	35.37
Despatch earnings	-	9.69
Others	108.03	248.34
<b>Total</b>	<b>1044.05</b>	<b>1265.84</b>

**Note 25: Other income**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income (Refer Note 25 (i) below)	179.97	128.39
Dividend income from long-term investments	3.87	4.11
Liabilities / Provision no longer required written back	152.15	706.45
Rental Income	29.18	34.37
Profit on sale of assets	0.99	0.16
Insurance Claims received	5.78	353.88
Others	120.21	151.73
<b>Total</b>	<b>492.15</b>	<b>1379.09</b>

**25 (i): Interest income**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest from banks deposits	72.33	18.49
Other interest	107.64	109.90
<b>Total</b>	<b>179.97</b>	<b>128.39</b>

**Note 26: Cost of materials consumed**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock	12609.44	4772.56
Add: Purchases	102169.77	88369.37
	114779.21	93141.93
Less: Closing stock	10254.39	12609.44
<b>Total</b>	<b>104524.82</b>	<b>80532.49</b>

**Note 27: Purchase of Stock-in-trade**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Imported urea	1637.45	3676.24
<b>Total</b>	<b>1637.45</b>	<b>3676.24</b>

**Note 28: Changes in inventories of finished goods, stock in trade and work-in-progress**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<u>Inventories at the beginning of the year:</u>		
Finished goods	5540.69	593.11
Work-in-progress	219.39	62.09
Stock in trade	1558.19	1495.19
	7318.27	2150.39
<u>Inventories at the end of the year:</u>		
Finished goods	3801.02	5540.69
Work-in-progress	2005.15	219.39
Stock in trade	10.38	1558.19
	5816.55	7318.27
Net Decrease / (Increase)	1501.72	(5167.88)

**Note 29: Employee benefit expenses**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	4324.85	4300.09
Contributions to provident and other funds	479.90	491.10
Staff welfare expenses	476.08	473.74
<b>Total</b>	<b>5280.83</b>	<b>5264.93</b>

**Note 30: Finance costs**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on:		
-MAT	2371.88	-
-Borrowings	1361.00	713.87
-Deposits	170.81	158.58
-Others	2.16	2.05
Other borrowing costs	182.04	182.04
<b>Total</b>	<b>4087.89</b>	<b>1056.54</b>

**Note 31: Other expenses**

(₹ in lac)

Particulars	Year ended	
	31 March 2018	31 March 2017
Consumption of stores and spare parts	1634.13	1852.72
Packing, transportation and handling	14192.17	12343.99
Increase of excise duty on inventory	10.78	-
Power and fuel	44744.81	35260.79
Water	9438.96	3250.37
Rent	593.34	700.16
Repairs to		
- Buildings	704.60	791.22
- Machinery	1248.25	1719.08
- Others	754.51	593.23
	2707.36	3103.53
Insurance	274.94	217.00
Rates and taxes	114.27	100.85
Port handling charges	363.92	976.75
Travelling and conveyance	600.37	531.38
Marketing service charges	-	13.03
Sales promotion expenses	5.22	6.35
Professional fees	201.42	454.61
Payment to auditors (Refer Note 31 (i) below)	19.39	30.99
Bad trade and other receivables, loans and advances written off	-	2093.77
Less: Transfer from Provision	-	2093.77
	-	-
Loss on sale of assets	-	0.06
Assets written off	65.01	189.65
Provision for Impairment of Investments		
Investments Written off	-	18453.62
Less: Transfer from Provision	-	18453.62
	-	-
Net (gain) / loss on foreign currency transactions and translation	(594.53)	323.91
Provision for doubtful trade and other receivables, loans and advances (net)	0.41	0.39
Director's sitting fees	14.45	20.10
Miscellaneous expenses	944.50	823.90
<b>Total</b>	<b>75330.92</b>	<b>60200.53</b>

**31 (i): Payment to Auditors**

(₹ in lac)

Particulars	Year ended	
	31 March 2018	31 March 2017
Payments to the auditors comprises (net of service tax input credit, where applicable):		
- As auditors - statutory audit	15.00	20.00
- For other services	4.15	10.00
- Reimbursement of expenses	0.24	0.99
<b>Total</b>	<b>19.39</b>	<b>30.99</b>

**Note 32: Exceptional items**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Profit on Sale of land	244.53	-
<b>Total</b>	<b>244.53</b>	<b>-</b>

**Note 33: Plant Operation**

- (i) During the year the Company achieved a production of 6.588 lac MT against the maximum permissible production of 6.20 lac MT after getting Special permission from Department of Fertilizer. The Company, as handling agent of Government of India for marketing Urea within the country, had handled 0.508 lac MT of Urea and sold 0.792 lac MT.
- (ii) Government of India vide its notification dated 17 June 2015 had permitted the Company to produce Urea using Naphtha as feedstock on existing provisions till assured supply of gas is made available. Subsidy would be paid based on the Retention Price computed on the lower of Naphtha or RLNG price.
- (iii) Subsidy for the period 1 April 2017 to 31 March 2018 of ₹ 147300.21 lac has been accounted based on the provisional Retention Price (RP) computed in line with the Government's policy indicated in the notification dated 17 June 2015, as the final retention price has not been announced by the Department of Fertilizers. The necessary adjustments, if any, will be made when the final retention price is notified by the Department of Fertilizers.

**Note 34: Commitments**
**Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 2754.84 lac (Previous year ₹ 1858.88 lac).

**Note 35: Contingent Liabilities**
**(a) Claims not acknowledged as debts**

- (i) The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded ₹ 16873.97 lac (Previous year ₹ 16873.97 lac) towards lease rent for the utilization of 415.19 acres of sand quarry poramboke lands by the Company for its effluent treatment and storage of Gypsum for the period from 1975 to 2008. While raising this demand, the District Collector had ignored the proposal submitted by the Company during 1975 to the State Government seeking assignment of the said land which is still pending. The Company had filed a writ petition challenging the demand before the Hon'ble Madras High Court and the court granted interim stay vide its order dated 21 April 2010 on further proceedings. During November 2010 the District Collector, Tuticorin has filed a counter before Hon'ble Madras High Court praying for the vacation of interim stay and the case is still pending.
- (ii) Tamilnadu Water Supply And Drainage Board (TWAD) has claimed payments for the period during which the Nitrogenous plants were not in operation, on the basis of 50% allotted quantity of water. The Company alongwith other beneficiaries has been enjoying this facility since inception of the 20 MGD Scheme for the last 42 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims including interest made by TWAD for 2867.67 lac (Previous year ₹ 2795.28 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2018 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.
- (iii) The Company has received a demand from VOC Port Trust towards increase in rental charges from 1 July 2007 onwards. The amount payable as on 31.03.2018 is ₹ 870.80 lac (from 01.07.2007 to 31.03.2018) (Previous year ₹ 766.77 lac). The Company obtained an injunction from the Madurai Bench of the Hon'ble Madras High Court against the claim made by the VOCPT and the stay has been granted till 10 June 2015. On 23.07.2015, Madurai Bench of the Hon'ble Madras High Court extended the stay until further orders.
- (b) Other Bank Guarantees outstanding ₹ 31.78 lac (Previous year ₹ 31.78 lac)
- (c) No provision has been considered necessary by the Management for the following disputed Excise duty, Service tax, Sales Tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.



**Note 35: Contingent Liabilities continued...**

(₹ in lac)

Name of the Statute	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
The Central Excise Act, 1944	<b>321.06</b>	336.30	537.01
The Finance Act, 1994 ( Service Tax)	<b>164.97</b>	226.61	234.78
Sales Tax Act under various State enactments	<b>741.88</b>	1553.90	3904.82
The Tamilnadu Electricity (Taxation on Consumption) Act, 1962	<b>1050.54</b>	1050.54	1050.54
Employees State Insurance Act, 1948*	<b>13083.67</b>	13083.67	12604.60
<b>Total</b>	<b>15362.12</b>	16251.02	18331.75

\*Includes disputes relating to the period 1977 to 1992 decided by the ESI Court in favour of the Company against which the Employees State Insurance Corporation has gone on an appeal before the Hon'ble Madras High Court.

Out of the above demand of ₹15362.12 lac (Previous year ₹ 16251.02 lac), an amount of ₹ 1166.45 lac (Previous year ₹ 1166.45 lac) has been deposited under protest / adjusted by relevant authorities.

**Note 36: Employee benefits**

(₹ in lac)

S. No	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(A)	<b>Defined Contribution Plans</b>		
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss- Employers' Contribution to Provident Fund and Superannuation.	<b>372.55</b>	375.60
(B)	<b>Defined benefit plans</b>		
	a) Gratuity payable to employees	<b>107.36</b>	193.56
	b) Compensated absences for Employees	<b>62.51</b>	163.42
i)	<b>Actuarial assumptions</b>		
	Discount rate (per annum)	<b>7.70%</b>	7.40%
	Rate of increase in Salary	<b>7.00%</b>	7.00%
	Expected average remaining working lives of employees (years)	<b>13.10</b>	11.20
	Attrition rate	<b>3%</b>	4%
ii)	<b>Changes in the present value of defined benefit obligation</b>		
	<b>Employee's gratuity fund</b>		
	<b>Present value of obligation at the beginning of the year</b>	<b>1542.78</b>	1538.46
	Interest cost	<b>106.37</b>	110.70
	Current service cost	<b>87.37</b>	82.22
	Benefits paid	<b>(210.55)</b>	(274.42)
	Actuarial (gain)/ loss on obligations	<b>(31.48)</b>	85.82
	<b>Present value of obligation at the end of the year</b>	<b>1494.49</b>	1542.78
iii)	<b>Expense recognized in the Statement of Profit and Loss</b>		
	<b>Employee's gratuity fund</b>		
	Current service cost	<b>87.37</b>	82.22
	Interest cost	<b>11.67</b>	11.89
	<b>Total expenses recognized in the Statement Profit and Loss*</b>	<b>99.04</b>	94.11
	*Included in Employee benefits expense (Refer Note 29). Actuarial gain/(loss) of ₹30.93 lac (31 March 2017: ₹ (78.06) lac) is included in other comprehensive income.		
iv)	<b>Assets and liabilities recognized in the Balance Sheet:</b>		
	<b>Employee's gratuity fund</b>		
	Present value of funded obligation as at the end of the year	<b>1494.49</b>	1542.78
	Unrecognized actuarial (gains)/losses		
	<b>Funded net asset / (liability) recognized in Balance Sheet</b>	<b>1494.49</b>	1542.78

**Note 36: Employee benefits continued...**

(₹ in lac)

S. No	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
v)	<b>Expected contribution to the fund in the next year</b>		
	Gratuity	-	-
vi)	<b>A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 are as shown below:</b>	<b>Employee's gratuity fund</b>	
	Impact on defined benefit obligation		
	Discount rate		
	0.5% increase	<b>1447.57</b>	1498.26
	0.5% decrease	<b>1544.61</b>	1590.13
	Rate of increase in salary		
	0.5% increase	<b>1545.67</b>	1591.23
	0.5% decrease	<b>1446.14</b>	1496.81
vii)	<b>Expected Benefit Payments in following years</b>	<b>Employee's gratuity fund</b>	
	Year 1	<b>121.04</b>	104.91
	Year 2	<b>371.20</b>	474.17
	Year 3	<b>197.72</b>	169.87
	Year 4	<b>165.95</b>	188.64
	Year 5	<b>165.12</b>	155.46
	Next 5 Years	<b>544.22</b>	553.83

**Note 37: Income Tax**
**(A) Deferred tax relates to the following:**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred tax assets</b>			
On provision for doubtful debts/advances	<b>9.24</b>	9.10	8.97
On provision for Employee benefits	<b>315.91</b>	226.79	100.73
On Unabsorbed depreciation	<b>4568.02</b>	4568.02	4568.02
On Accumulated business losses	-	430.62	536.61
On fair valuation of investments	-	-	2.03
	<b>4893.17</b>	5234.53	5216.36
<b>Deferred tax liabilities</b>			
On property, plant and equipment	<b>1237.11</b>	1578.47	1558.27
On fair valuation of investments	<b>55.78</b>	69.54	-
	<b>1292.89</b>	1648.01	1558.27
MAT Credit Entitlement	<b>6604.50</b>	-	-
<b>Deferred tax asset (net)</b>	<b>10204.78</b>	3586.52	3658.09

**(B) Unrecognized deductible temporary differences, unused tax losses and unused tax credits**

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
De-escalation of subsidy	-	7303.25	8598.00
Business Losses	<b>295.45</b>	7225.43	14681.40
Capital Losses	<b>9458.61</b>	9721.03	9721.03

### Note 38: Segment Reporting

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

- (i) Agro inputs - Urea Operations
- (ii) Others - Agri Business

The following is an analysis of the Company's revenue and results from operations by reportable segment

(₹ in lac)

Particulars	Segment Revenue		Segment Profit	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Agro Inputs (Urea Operations)	199117.88	150089.97	9718.02	5423.35
Others (Agri business)	739.77	762.76	(249.54)	(49.93)
Unallocated income	80.30	769.17		
<b>Total</b>	<b>199937.95</b>	<b>151621.90</b>	<b>9468.48</b>	<b>5373.42</b>
Finance Cost			(4087.89)	(1056.54)
Other Net Unallocable (Expenses)			(1902.57)	(1681.55)
Exceptional Income			244.53	-
<b>Profit for the year</b>			<b>3722.55</b>	<b>2635.33</b>

Segment Assets and Liabilities:

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Segment Assets</b>			
Agro inputs (Urea Operations)	106020.16	105959.84	147077.33
Others (Agri business)	1906.32	2070.16	2053.26
Unallocable Assets	35668.56	13893.92	11268.17
<b>Total Assets</b>	<b>143595.04</b>	<b>121923.92</b>	<b>160398.76</b>
<b>Segment Liabilities</b>			
Agro inputs (Urea Operations)	77426.39	80598.99	117446.87
Others (Agri business)	228.18	206.25	168.61
Unallocable Liabilities	35373.01	14249.64	18757.82
<b>Total Liabilities</b>	<b>113027.58</b>	<b>95054.88</b>	<b>136373.30</b>

Other Segment Information:

(₹ in lac)

Particulars	Depreciation and Amortisation		Capital Expenditure	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Agro Inputs (Urea Operations)	3929.36	2997.40	3639.95	2570.12
Others (Agri business)	46.38	46.17	9.28	5.00
Unallocable	35.55	39.59	82.67	5.02
<b>Total</b>	<b>4011.29</b>	<b>3083.16</b>	<b>3731.90</b>	<b>2580.14</b>

For the purpose of monitoring segment performance and allocating resources between segments:

- All Assets are allocated to reportable segments other than Investments, Cash and cash equivalents and derivative contracts.
- All liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities.

## Note 39 (i): Related party disclosures for the year ended 31 March 2018

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

Nature		Parties
Subsidiaries	1	SPIC Fertilizers and Chemicals Limited, Mauritius (upto16 February 2017)
Associates	1 2 3	Tuticorin Alkali Chemicals and Fertilizers Limited Gold Nest Trading Company Limited Greenam Energy Private Limited
Joint Ventures	1 2	Tamilnadu Petroproducts Limited National Aromatics and Petrochemicals Corporation Limited
Key management personnel of the Company	1 2	Thiru Ashwin C Muthiah Thiru S R Ramakrishnan
Enterprises owned by / over which Key Management Personnel is able to exercise significant influence	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Wilson International Trading Pte Ltd, Singapore Wilson International Trading (India) Private Limited Manali Petrochemicals Limited Greenstar Fertilizers Limited Sicagen India Limited SPIC Officers and Staff Welfare Foundation South India Travels Private Limited Lotus Fertilizers Private Limited EDAC Engineering Limited EDAC Staffing Solution Private Limited EDAC Automation Limited Totalcomm Infra Services Private Limited AM Foundation SPIC Group Companies Employees Welfare Foundation AM International Holdings Pte Ltd, Singapore Firstgen Distribution Private Limited AMI Holdings Private Limited Twinshield Consultants Private Limited

**Note 39 (ii): The following transactions were carried out with the related parties**

(₹ in lac)

S. No.	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A</b>	<b>BALANCE OUTSTANDING:</b>			
	<b>(a) Receivables including Advances</b>			
	SPIC Fertilizers and Chemicals FZE, Dubai *	-	-	1053.47
	SPIC Fertilizers and Chemicals Limited, Mauritius *	-	-	1.93
	Tamilnadu Petroproducts Limited	2.22	1.46	0.94
	Tuticorin Alkali Chemicals and Fertilizers Limited	2536.54	2402.73	2746.85
	Greenstar Fertilizers Limited	2536.69	3487.55	8.71
	National Aromatics and Petrochemicals Corporation Limited *	1488.16	1487.75	1487.36
	Wilson International Trading (India) Private Limited	0.05	0.04	0.03
	Manali Petrochemicals Limited	0.37	0.55	0.30
	EDAC Engineering Limited	21.31	19.40	24.99
	EDAC Automation Limited	0.29	0.94	0.20
	Totalcomm Infra Services Private Limited	1.44	0.65	0.24
	Twinshield Consultants Private Limited	36.45	36.45	36.45
	Lotus Fertilizers Private Limited	8.93	78.56	135.02
	Sicagen India Limited	0.53	-	-
	Wilson International Trading Pte. Ltd, Singapore	1.12	-	-
	AM Foundation	0.00	-	-
	<b>(b) Payables</b>			
	Greenstar Fertilizers Limited	5795.64	2873.53	1274.37
	Tamilnadu Petroproducts Limited	1.12	2.86	-
	Sicagen India Limited	112.72	126.40	8.43
	Wilson International Trading Pte. Ltd, Singapore	35064.11	13255.30	2113.80
	EDAC Engineering Limited	35.90	0.04	4.01
	EDAC Automation Limited	12.53	2.49	16.46
	EDAC Staffing Solution Private Limited	0.51	0.43	0.46
	Tuticorin Alkali Chemicals and Fertilizers Limited	264.10	1.01	-
	Lotus Fertilizers Private Limited	1805.55	3761.87	-
	AM International Holdings Pte Ltd, Singapore	16382.23	3513.79	-
	South India Travels Private Limited	2.82	3.44	-
	<b>(c) Advance against Equity</b>			
	SPIC Fertilizers and Chemicals FZE, Dubai *	-	-	1038.37
	<b>(d) Share Capital including Securities premium</b>			
	AMI Holdings Private Limited	6523.42	6523.42	6523.42
	<b>(e) Cash collateral provided against bank borrowings</b>			
	AM International Holdings Pte Ltd, Singapore (in USD)	37.50	37.50	-

\* Dues have been fully provided for

Note 39 (ii): Related party disclosures continued...

(₹ in lac)

S. No.	Particulars	For the year 2017-18	For the year 2016-17
<b>B</b>	<b>TRANSACTIONS DURING THE YEAR</b>		
<b>1</b>	<b>Sale of goods</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	127.27	296.11
	Greenstar Fertilizers Limited	70.15	169.71
	Lotus Fertilizers Private Limited	226.70	144.98
<b>2</b>	<b>Purchase of materials</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	288.11	2.36
	Greenstar Fertilizers Limited	5262.57	2048.58
	Tamilnadu Petroproducts Limited	85.75	38.82
	Wilson International Trading Pte Ltd, Singapore	34986.48	21454.96
	Sicagen India Limited	437.85	219.99
	Lotus Fertilizers Private Limited	1593.68	3761.87
	Firstgen Distribution Private Limited	-	10.36
<b>3</b>	<b>Reimbursement of Expenses (Receipts)</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	-	7.46
	Greenstar Fertilizers Limited	117.43	6.43
	Sicagen India Limited	-	180.00
	National Aromatics and Petrochemicals Corporation Limited	0.41	0.39
	EDAC Staffing Solution Private Limited	0.02	0.06
	Totalcomm Infra Services Private Limited	0.18	0.27
	AM Foundation	2.43	0.35
	SPIC Officers and Staff Welfare Foundation	0.54	1.68
	SPIC Group Companies Employees Welfare Foundation	0.52	4.68
	Wilson International Trading Pte. Ltd, Singapore	1.12	-
<b>4</b>	<b>Reimbursement of Expenses (Payments)</b>		
	Sicagen India Limited	4.82	3.78
	Greenstar Fertilizers Limited	1.15	-
<b>5</b>	<b>Income from services rendered</b>		
	AM Foundation	0.02	-
	Manali Petrochemicals Limited	4.17	3.78
	Tamilnadu Petroproducts Limited	0.65	0.61
	Tuticorin Alkali Chemicals and Fertilizers Limited	9.00	8.01
	Greenstar Fertilizers Limited	1080.31	1106.36
	Wilson International Trading (India) Private Limited	0.49	0.48
	Sicagen India Limited	2.12	2.07
	EDAC Engineering Limited	12.32	11.84
	EDAC Automation Limited	0.80	1.02
	EDAC Staffing Solution Private Limited	0.11	0.41
	Totalcomm Infra Services Private Limited	0.61	0.63
<b>6</b>	<b>Services / Consultancy Charges</b>		
	Greenstar Fertilizers Limited	202.49	178.66
	Tamilnadu Petroproducts Limited	-	0.11
	EDAC Automation Limited	212.73	224.42
	Sicagen India Limited	59.31	116.68
	EDAC Engineering Limited	49.31	-
<b>7</b>	<b>Income from Rentals</b>		
	Greenstar Fertilizers Limited	24.48	23.99
<b>8</b>	<b>Dividend Income</b>		
	Manali Petrochemicals Limited	0.05	0.05
	Sicagen India Limited	3.47	3.47
<b>9</b>	<b>Managerial Remuneration</b>		
	Thiru S R Ramakrishnan	75.11	58.80

**Note 39 (ii): Related party disclosures continued...**

(₹ in lac)

S. No.	Particulars	For the year 2017-18	For the year 2016-17
10	<b>Water charges prepaid</b> Greenstar Fertilizers Limited	1129.07	-
11	<b>Rent Paid</b> Greenstar Fertilizers Limited	1924.09	2422.93
12	<b>Director Sitting Fees</b> Thiru Ashwin C Muthiah	2.00	2.50
13	<b>Trade Advance Received / Returned</b> Greenstar Fertilizers Limited Tuticorin Alkali Chemicals and Fertilizers Limited	1350.00 -	1370.00 648.00
14	<b>Trade Advance Paid / Returned</b> Greenstar Fertilizers Limited Wilson International Trading (India) Private Limited	1365.13 -	500.00 34.00
15	<b>Material Purchase Adv</b> Greenstar Fertilizers Limited	979.26	-
16	<b>Interest on Borrowings / Paid</b> AM International Holdings Pte Ltd, Singapore	886.18	109.96
17	<b>Borrowings</b> AM International Holdings Pte Ltd, Singapore	16275.00	3409.50
18	<b>Demurrage Charges</b> Wilson International Trading Pte. Ltd, Singapore	186.19	587.25
19	<b>FSA - Adv</b> Greenstar Fertilizers Limited	907.41	-
20	<b>Car Rental Charges</b> South India Travels Private Limited	42.77	38.44
21	<b>Deposit given / received for directors appointment</b> Manali Petrochemicals Limited	1.00	-
22	<b>Purchase of Intangible Asset-Software</b> Sicagen India Limited	14.16	-
23	<b>Investment in Equity</b> Greenam Energy Private Limited	0.00	-
24	<b>Cash collateral provided against bank borrowings</b> AM International Holdings Pte Ltd, Singapore (in USD)	-	37.50

**Note 40: Disclosure of interest in Joint Ventures and Associates:**
**(a) Joint Ventures**

Name of the Entity	Country of Incorporation/ Principal place of business	Ownership Interest of SPIC Ltd (%)			Method of accounting of Investment
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	
(i) Tamilnadu Petroproducts Limited	India	16.93%	16.93%	16.93%	Deemed Cost
(ii) National Aromatics and Petrochemicals Corporation Limited	India	50.00%	50.00%	50.00%	Deemed Cost

**(b) Associates**

Name of the Entity	Country of Incorporation/ Principal place of business	Ownership Interest of SPIC Ltd (%)			Method of accounting of Investment
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016	
(i) Tuticorin Alkali Chemicals and Fertilizers Ltd	India	45.15%	45.15%	45.15%	Deemed Cost
(ii) Gold Nest Trading Company Limited	India	32.76%	32.76%	32.76%	Deemed Cost
(iii) Greenam Energy Private Limited	India	20.00%	-	-	Deemed Cost

## Note 41: Earnings Per Equity Share

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Face Value per share (In Rupees)	10	10
Profit for the year (₹ in lac)	3698.42	2843.58
<b>Basic</b>		
Weighted Average Number of shares outstanding	203640336	203640336
Earnings per share (In Rupees)	1.82	1.40
<b>Diluted</b>		
Weighted Average Number of shares outstanding	203640336	203640336
Earnings per share (In Rupees)	1.82	1.40

## Note 42: Financial Instruments

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

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:

Particulars	(₹ in lac)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Total Equity	30567.46	26869.04	24025.46
b) Non-Convertible preference share	1250.00	1250.00	1250.00
c) Borrowings other than non-convertible preference shares	25028.69	52327.84	14998.86
d) Less: Cash and cash equivalents	(758.65)	(749.32)	(1570.71)
<b>e) Total debt(b+c-d)</b>	<b>25520.04</b>	<b>52828.52</b>	<b>14678.15</b>
<b>f) Overall financing(a+e)</b>	<b>56087.50</b>	<b>79697.56</b>	<b>38703.61</b>
g) Net debt to capital ratio (e/f)	0.46	0.66	0.38
h) Interest coverage ratio	1.86	3.52	3.05

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 31 March 2018 and 31 March 2017.



**42.2: Categories of Financial instruments**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial Assets</b>			
<b>Measured at FVTOCI</b>			
a) Investments	<b>1203.66</b>	1272.49	914.60
<b>Measured at amortised cost</b>			
b) Trade receivables	<b>4745.27</b>	9155.95	6278.45
c) Cash and cash equivalents	<b>334.01</b>	358.45	1133.46
d) Bank balances other than (c ) above	<b>424.65</b>	390.87	437.25
e) Other financial assets - Current Asset	<b>52729.46</b>	34798.85	76571.10
f) Other Financial Assets - Non Current Asset	<b>199.49</b>	12649.68	25139.62
<b>Financial Liabilities</b>			
<b>Measured at amortised cost</b>			
a) Borrowings - Current Liabilities	<b>10003.69</b>	50168.34	16248.86
b) Borrowings - Non Current Liabilities	<b>16275.00</b>	3409.50	-
c) Trade payables	<b>73906.37</b>	37031.84	114586.61
d) Other financial liabilities - Current Liabilities	<b>3953.77</b>	595.71	1619.16
e) Other Financial Liabilities - Non Current Liabilities	<b>2930.98</b>	2641.00	2479.69

**42.3: 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 Risk**

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. Credit risk from balances with banks, borrowings from related parties is managed by the Company 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 bank. The Company does not maintain any 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 damage to the company's reputation.

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

(₹ in lac)

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31 March 2018</b>					
Short term borrowings	4322.03	-	-	-	4322.03
Long-term borrowings	-	-	16275.00	-	16275.00
Trade payables	-	73906.37	-	-	73906.37
Other financial liability	-	6884.75	-	-	6884.75
	4322.03	80791.12	16275.00	-	101388.15
<b>31 March 2017</b>					
Short term borrowings	43795.39	1934.33	-	-	45729.72
Long-term borrowings	-	-	3409.50	-	3409.50
Trade payables	-	37031.84	-	-	37031.84
Other financial liability	-	3236.71	-	-	3236.71
	43795.39	42202.88	3409.50	-	89407.77
<b>1 April 2016</b>					
Short term borrowings	-	16248.86	-	-	16248.86
Long-term borrowings	-	-	-	-	-
Trade payables	-	114586.61	-	-	114586.61
Other financial liability	-	4098.85	-	-	4098.85
	-	134934.32	-	-	134934.32

## 3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and Interest rates 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 currency in which these transactions are primarily denominated is US Dollars (USD).

- a. 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:

(In Million USD)

Particulars	Liabilities		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade Payables</b>			
Amount due on account of goods supplied	74.06	32.96	123.00

b Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

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
₹/USD - increase by 2 USD	<b>1091.31</b>	<b>1091.31</b>	659.23	659.23	2459.92	2459.92
₹/USD - decrease by 2 USD	<b>(1091.31)</b>	<b>(1091.31)</b>	(659.23)	(659.23)	(2459.92)	(2459.92)

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.

6. Commodity Price Risk:

The Company's operating activities requires the ongoing purchase of Naphtha and Furnace Oil. Naphtha and Furnace Oil being international commodities, are subject to price fluctuations on account of the change in the crude oil prices, demand and supply pattern of Naphtha and Furnace Oil. The company is generally not affected by the price volatility of Naphtha and Furnace Oil as per the Urea pricing policy.

### 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

(₹ in lac)

As at 31 March, 2018		Carrying Amount			Fair Value				
Particulars	Note	Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>									
Financial Assets measured at fair value	8	-	1203.66	-	1203.66	1203.66	-	-	1203.66
Investments									
Financial Assets not measured at fair value (disclosure of fair value required)									
Trade Receivables	12	4745.27	-	-	4745.27	-	4745.27	-	4745.27
Cash and Cash Equivalents	13	334.01	-	-	334.01	-	334.01	-	334.01
Other Bank balances	13	424.65	-	-	424.65	-	424.65	-	424.65
Other financial assets	9	52928.95	-	-	52928.95	-	52928.95	-	52928.95
<b>Total</b>		<b>58432.88</b>	<b>1203.66</b>	<b>-</b>	<b>59636.54</b>	<b>1203.66</b>	<b>58432.88</b>	<b>-</b>	<b>59636.54</b>
<b>Liabilities</b>									
Financial Liabilities not measured at fair value									
Non Current Borrowings	18	-	-	16275.00	16275.00	-	16275.00	-	16275.00
Current Borrowings	20	-	-	10003.69	10003.69	-	10003.69	-	10003.69
Trade payables	21	-	-	73906.37	73906.37	-	73906.37	-	73906.37
Other financial liabilities	19	-	-	6884.75	6884.75	-	6884.75	-	6884.75
<b>Total</b>		<b>-</b>	<b>-</b>	<b>107069.81</b>	<b>107069.81</b>	<b>-</b>	<b>107069.81</b>	<b>-</b>	<b>107069.81</b>

As at 31 March, 2017		Carrying Amount				Fair Value			
Particulars	Note	Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>									
<b>Financial Assets measured at fair value</b>									
Investments	8	-	1272.49	-	1272.49	1272.49	-	-	1272.49
<b>Financial Assets not measured at fair value (disclosure of fair value required)</b>									
Trade Receivables	12	9155.95	-	-	9155.95	-	9155.95	-	9155.95
Cash and Cash Equivalents	13	358.45	-	-	358.45	-	358.45	-	358.45
Other Bank balances	13	390.87	-	-	390.87	-	390.87	-	390.87
Other financial assets	9	47448.53	-	-	47448.53	-	47448.53	-	47448.53
<b>Total</b>		<b>57353.80</b>	<b>1272.49</b>	<b>-</b>	<b>58626.29</b>	<b>1272.49</b>	<b>57353.80</b>	<b>-</b>	<b>58626.29</b>
<b>Liabilities</b>									
<b>Financial Liabilities not measured at fair value</b>									
Non Current Borrowings	18	-	-	3409.50	3409.5	-	3409.50	-	3409.50
Current Borrowings	20	-	-	50168.34	50168.34	-	50168.34	-	50168.34
Trade payables	21	-	-	37031.84	37031.84	-	37031.84	-	37031.84
Other financial liabilities	19	-	-	3236.71	3236.71	-	3236.71	-	3236.71
<b>Total</b>		<b>-</b>	<b>-</b>	<b>93846.39</b>	<b>93846.39</b>	<b>-</b>	<b>93846.39</b>	<b>-</b>	<b>93846.39</b>

(₹ in lac)

As at 1 April, 2016	Particulars	Note	Carrying Amount			Fair Value			Total
			Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	
	<b>Assets</b>								
	<b>Financial Assets measured at fair value</b>								
	Investments	8	-	914.60	-	914.60	-	-	914.60
	<b>Financial Assets not measured at fair value (disclosure of fair value required)</b>								
	Trade Receivables	12	6278.45	-	-	6278.45	6278.45	-	6278.45
	Cash and Cash Equivalents	13	1133.46	-	-	1133.46	1133.46	-	1133.46
	Other Bank balances	13	437.25	-	-	437.25	437.25	-	437.25
	Other financial assets	9	101710.72	-	-	101710.72	101710.72	-	101710.72
	<b>Total</b>		<b>109559.88</b>	<b>914.60</b>	<b>-</b>	<b>110474.48</b>	<b>109559.88</b>	<b>-</b>	<b>110474.48</b>
	<b>Liabilities</b>								
	<b>Financial Liabilities not measured at fair value</b>								
	Non Current Borrowings	18	-	-	-	-	-	-	-
	Current Borrowings	20	-	16248.86	-	16248.86	16,248.86	-	16248.86
	Trade payables	21	-	114586.61	-	114586.61	114,586.61	-	114586.61
	Other financial liabilities	19	-	4098.85	-	4098.85	4,098.85	-	4098.85
	<b>Total</b>		<b>-</b>	<b>134934.32</b>	<b>-</b>	<b>134934.32</b>	<b>134934.32</b>	<b>-</b>	<b>134934.32</b>

**Note 43:**

- (a) Previous year figures have been regrouped / reclassified wherever necessary to conform presentation as required by Schedule III of the Act.
- (b) Previous year figures are given in brackets.

(c) The Board of Directors has reviewed the realizable value of all current assets of the Company and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. Further, the board, duly taking into account all relevant disclosures made, has approved these financial statements for the year ended 31 March 2018 in its meeting held on 17 May 2018.

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

**Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** (hereinafter referred to as "the Company"), which includes Company's share of profit in its associates and its joint ventures, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company including its Associates and Joint ventures 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. The respective Board of Directors of the Company and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company, its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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.

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

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the associates and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company, its associates and its joint ventures as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note No. 33 (iii) of the consolidated Ind AS financial statements regarding computation of subsidy based on the provisional Retention Price (RP) in line with the Government's policy, as the final retention price has not been announced by the Department of Fertilizers. The necessary adjustments, if any, and its consequential impact will be assessed when the final retention price is notified.

Our opinion is not modified in respect of this matter.



**Other Matters**

The Consolidated Ind AS financial statements include the Company's share of net profit after taxes of ₹ 818.04 lakhs and total other comprehensive income of ₹ 3.48 lakhs for the year ended 31 March, 2018, in respect of 2 associates, 2 joint ventures and 3 wholly owned subsidiaries of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures and associates, is based solely on the reports of the other auditors.

The comparative financial information of the Company for the year ended 31 March 2017 which includes subsidiary, its share of profit in its associates and joint ventures included in the consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial information were audited by the predecessor auditor whose report for the year ended 31 March 2017 dated 18 May, 2017 expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our report is not qualified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements of associates and joint ventures referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (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 of the Company and the reports of the statutory auditors of its associate companies and joint venture companies incorporated in India, none of the directors of the Company, its associate companies and joint venture companies incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Company, associate companies and joint venture companies incorporated in India, to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of these companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company, its associates and joint ventures – Refer Note 35 of the financial statements.
  - ii. The Company, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company and its associate companies and joint venture companies.

**For MSKA & Associates (Formerly known as MZSK & Associates)**

**Chartered Accountants**

(Firm's Registration No. 105047W)

**Geetha Jeyakumar**

(Partner)

(Membership No. 29409)

Place: Chennai

Date: May 17, 2018

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph ‘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”)

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** (hereinafter referred to as “the Company”), its associate companies and joint ventures, which are companies incorporated in India, as of that date.

#### Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the company, its associate companies and joint ventures, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the company, its associate companies and its joint ventures, which are companies incorporated in India, 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 auditors’ 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 and the audit evidence obtained by other auditors of the associate companies and joint ventures, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its associate companies and its joint ventures, which are companies incorporated in India.

#### 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 and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the company, its associate companies and joint ventures, which are companies incorporated in India, have, 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 respective companies 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.

**Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 1 associate company and 2 joint ventures, is based solely on the corresponding reports of the auditors of such companies.

Our opinion is not modified in respect of this matter.

**For MSKA & Associates (Formerly known as MZSK & Associates)**  
**Chartered Accountants**  
(Firm's Registration No. 105047W)

Place: Chennai  
Date: May 17, 2018

**Geetha Jeyakumar**  
(Partner)  
(Membership No. 29409)

## Consolidated Balance Sheet as at 31 March 2018

(₹ in lac)

S. No.	Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	(a) Property, Plant & Equipment	6 (i)	24437.33	26128.11	27892.21
	(b) Capital work-in-progress		3546.41	2216.94	1178.19
	(c) Intangible assets	6 (ii)	106.71	-	-
	(d) Intangible assets under development		-	53.13	47.56
	(e) Investment Property	7	132.65	136.12	139.59
	(f) <u>Financial assets</u>				
	(i) Investments				
	Investments in Associates	8 (A)	-	-	-
	Investments in Joint Ventures	8 (B)	6125.72	5311.15	5120.05
	Other Equity Investments	8 (C)	1257.61	1305.04	939.60
	Other Investments	8 (D)	1.00	1.00	1.00
	(ii) Others	9 (A)	199.49	12649.68	25139.62
	(g) Income tax assets (Net)		555.25	504.39	476.72
	(h) Other assets	10	4624.78	4024.32	4074.59
	(i) Deferred tax asset (Net)	37	10204.78	3586.51	3658.09
	<b>Total Non-Current Assets</b>		<b>51191.73</b>	<b>55916.39</b>	<b>68667.22</b>
<b>2</b>	<b>Current assets</b>				
	(a) Inventories	11	18874.62	22939.94	9252.21
	(b) <u>Financial assets</u>				
	(i) Trade receivables	12	4745.27	9155.95	6278.45
	(ii) Cash and cash equivalents	13 (A)	334.01	358.45	1133.46
	(iii) Bank balances other than (ii) above	13 (B)	424.65	390.87	437.25
	(iv) Others	9 (B)	52729.46	34798.85	76571.10
	(c) Other assets	14	19173.34	1396.93	931.44
	(d) Assets held for sale	15	-	30.00	-
	<b>Total Current Assets</b>		<b>96281.35</b>	<b>69070.99</b>	<b>94603.91</b>
	<b>TOTAL ASSETS</b>		<b>147473.08</b>	<b>124987.38</b>	<b>163271.13</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>EQUITY</b>				
	(a) Equity Share capital	16	20364.03	20364.03	20364.03
	(b) Other Equity	17	14081.43	9568.45	6533.80
	<b>Total Equity</b>		<b>34445.46</b>	<b>29932.48</b>	<b>26897.83</b>
<b>2</b>	<b>LIABILITIES</b>				
	<b>Non-current liabilities</b>				
	(a) <u>Financial Liabilities</u>				
	(i) Borrowings	18	16275.00	3409.50	-
	(ii) Others	19 (A)	2930.98	2641.00	2479.69
	<b>Total Non-Current Liabilities</b>		<b>19205.98</b>	<b>6050.50</b>	<b>2479.69</b>
	<b>Current liabilities</b>				
	(a) <u>Financial Liabilities</u>				
	(i) Borrowings	20	10003.70	50168.34	16248.86
	(ii) Trade payables	21	73906.37	37031.84	114586.61
	(iii) Others	19 (B)	3953.77	595.71	1619.16
	(b) Provisions	22	322.46	412.36	291.99
	(c) Other liabilities	23	5635.34	796.15	1146.99
	<b>Total Current Liabilities</b>		<b>93821.64</b>	<b>89004.40</b>	<b>133893.61</b>
	<b>Total liabilities</b>		<b>113027.62</b>	<b>95054.90</b>	<b>136373.30</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>147473.08</b>	<b>124987.38</b>	<b>163271.13</b>
	The accompanying notes are an integral part of these financial statements				

In terms of our report attached.

**For MSKA & Associates**  
(Formerly known as MZSK & Associates)  
Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

**GEETHA JEYAKUMAR**  
Partner

**SASHIKALA SRIKANTH**  
Director  
DIN: 01678374

**S R RAMAKRISHNAN**  
Whole -Time Director  
DIN:00120126

Place : Chennai  
Date : 17 May 2018

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

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

(₹ in lac)

S. No.	Particulars	Note No.	Year ended 31 March 2018	Year ended 31 March 2017
1	Revenue from operations	24	199445.80	150242.81
2	Other income	25	492.15	1379.09
<b>3</b>	<b>Total revenue (1+2)</b>		<b>199937.95</b>	<b>151621.90</b>
<b>4</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	26	104524.82	80532.49
	(b) Purchases of stock-in-trade	27	1637.45	3676.24
	(c) Changes in inventories of finished goods, stock in trade and work-in-progress	28	1501.72	(5167.88)
	(d) Excise duty on sale of goods		85.01	340.56
	(e) Employee benefits expense	29	5280.83	5264.93
	(f) Finance costs	30	4087.89	1056.54
	(g) Depreciation and amortisation expense	6 & 7	4011.29	3083.16
	(h) Other expenses	31	75330.92	60200.53
	<b>Total expenses</b>		<b>196459.93</b>	<b>148986.57</b>
<b>5</b>	<b>Profit before exceptional items, share of profit of equity accounted investees and tax (3-4)</b>		<b>3478.02</b>	<b>2635.33</b>
<b>6</b>	Exceptional items	32	244.53	2855.71
<b>7</b>	<b>Profit before share of profit of equity accounted investees and tax (5+6)</b>		<b>3722.55</b>	<b>5491.04</b>
<b>8</b>	<b>Share of profit of Joint Ventures</b>		<b>1246.16</b>	<b>776.39</b>
<b>9</b>	<b>Profit before tax (7+8)</b>		<b>4968.71</b>	<b>6267.43</b>
<b>10</b>	<b>Tax expense</b>			
	Current tax relating to current year		428.12	548.83
	Current tax relating to prior years		6604.50	-
	Deferred tax relating to prior years (MAT)		(6604.50)	-
	<b>Net tax expense</b>		<b>428.12</b>	<b>548.83</b>
<b>11</b>	<b>Profit for the year (9-10)</b>		<b>4540.59</b>	<b>5718.60</b>
<b>12</b>	<b>Other comprehensive income</b>			
	A i) Items that will not be reclassified to profit or loss			
	a) Effect of measuring investments at fair value		(68.82)	357.88
	b) Remeasurement of defined benefit plans		30.93	(78.06)
	ii) Income tax relating to items that will not be reclassified to profit or loss		13.76	(71.57)
	iii) Share of Other Comprehensive Income from Joint Ventures		3.48	36.47
	<b>Total Other comprehensive income</b>		<b>(20.65)</b>	<b>244.72</b>
<b>13</b>	<b>Total comprehensive income (11+12)</b>		<b>4519.94</b>	<b>5963.32</b>
<b>14</b>	<b>Earnings per Equity share (Nominal value per share ₹10/-)</b>			
	Basic & Diluted	41	2.22	2.93
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

**For MSKA & Associates**  
(Formerly known as MZSK & Associates)  
Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

**GEETHA JEYAKUMAR**  
Partner

**SASHIKALA SRIKANTH**  
Director  
DIN: 01678374

**S R RAMAKRISHNAN**  
Whole -Time Director  
DIN:00120126

Place : Chennai  
Date : 17 May 2018

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

## Consolidated Statement of changes in equity for the year ended 31 March 2018



### (A) Equity share capital

Equity shares of ₹ 10 each issued, subscribed and fully paid up

	No. of shares	₹ In lac
As at 1 April 2016	203640336	20364.03
As at 31 March 2017	203640336	20364.03
<b>As at 31 March 2018</b>	<b>203640336</b>	<b>20364.03</b>

### (B) Other equity

(₹ in lac)

Particulars	Reserves and surplus				Items of other comprehensive income			Total	
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Statutory Reserve	Retained earnings	Foreign Currency Translation Reserve	Effect of measuring investments at fair value		Remeasurement of defined benefit plans
Balance as at 1 April 2016	97.24	6500.00	21047.71	41.33	(23989.02)	2844.67	(8.13)	-	6533.80
Profit for the year	-	-	-	-	5718.60	-	-	-	5718.60
Transfer to statement of Profit and Loss on winding up of a Subsidiary	-	-	-	-	-	(2844.67)	-	-	(2844.67)
Other comprehensive income	-	-	-	-	(11.05)	-	286.31	(114.54)	160.72
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5707.55</b>	<b>(2844.67)</b>	<b>286.31</b>	<b>(114.54)</b>	<b>3034.65</b>
Balance as at 31 March 2017	97.24	6500.00	21047.71	41.33	(18281.47)	-	278.18	(114.54)	9568.45
Balance as at 1 April 2017	97.24	6500.00	21047.71	41.33	(18281.47)	-	278.18	(114.54)	9568.45
Profit for the year	-	-	-	-	4540.59	-	-	-	4540.59
Other comprehensive income	-	-	-	-	-	-	(55.06)	27.45	(27.61)
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4540.59</b>	<b>-</b>	<b>(55.06)</b>	<b>27.45</b>	<b>4512.98</b>
Balance as at 31 March 2018	97.24	6500.00	21047.71	41.33	(13740.88)	-	223.12	(87.09)	14081.43

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

In terms of our report attached.

**For MSKA & Associates**  
(Formerly known as MZSK & Associates)  
Chartered Accountants

**GEETHA JEYAKUMAR**  
Partner

Place : Chennai  
Date : 17 May 2018

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
Chairman  
DIN:00255679

**SASHIKALA SRIKANTH**  
Director  
DIN: 01678374

**S R RAMAKRISHNAN**  
Whole - Time Director  
DIN:00120126

**K R ANANDAN**  
Chief Financial Officer

**M B GANESH**  
Secretary

## Consolidated Cash Flow Statement for the year ended 31 March 2018

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
	<b>Profit before tax</b>		<b>4968.71</b>		6267.43
	Adjustment for :				
	Depreciation and amortization expenses	4011.29		3083.16	
	Profit on sale /retirement of assets (Net)	(0.99)		189.49	
	Provision for doubtful debts and advances	0.41		0.39	
	Provisions no longer required written back	(152.15)		(21253.84)	
	Bad debts and advances written off	-		2093.77	
	Effect of winding up of subsidiary	-		(2844.67)	
	Investment written off	-		18453.62	
	Net Gain / Loss on foreign currency transactions and translations	(685.92)		567.67	
	Finance Costs	4087.89		1056.54	
	Income from investments	(3.87)		(4.11)	
	Interest income	(179.97)		(128.39)	
			<b>7076.69</b>		1213.63
	Operating profit before working capital changes		<b>12045.40</b>		7481.06
	Adjustments for (increase) / decrease in:				
	Trade receivables	4410.68		(2873.50)	
	Inventories	4176.22		(13687.73)	
	Non current financial assets	12451.29		12489.94	
	Other Non-current assets	(119.16)		(626.21)	
	Current financials assets	(17937.16)		42479.96	
	Other current assets	(17776.41)		(465.49)	
	Deferred tax asset	(6604.50)		-	
	Adjustments for increase / (decrease) in:				
	Other non current financial liabilities	289.98		161.30	
	Trade payables	37560.46		(78122.44)	
	Other current financial liabilities	3346.74		(782.59)	
	Other current liabilities	2498.25		(428.92)	
	Short-term provisions	(89.91)		120.37	
			<b>22206.48</b>		(41735.31)
	Cash from / (used in) operations		<b>34251.88</b>		(34254.25)
	Direct taxes paid		<b>(478.99)</b>		(576.50)
	<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>33772.89</b>		(34830.75)

S. No.	Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
	Purchase of Property, Plant & Equipment	(4213.21)		(1904.16)	
	Proceeds from sale of Property, Plant & Equipment	102.96		1.24	
	Income from investments	3.87		4.11	
	Purchase of Investments	(839.45)		(246.16)	
	Interest income	186.11		122.74	
	Movement in bank balances other than cash and cash equivalents	(33.78)		46.38	
			(4793.50)		(1975.85)
	<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		(4793.50)		(1975.85)
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>				
	Long term borrowings	12865.50		3409.50	
	Proceeds / (Repayment) from short tem borrowings (net)	(40346.69)		33919.48	
	Finance Costs	(1522.64)		(1297.39)	
			(29003.83)		36031.59
	<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>		(29003.83)		36031.59
	<b>NET CASH FLOWS DURING THE YEAR (A+B+C)</b>		(24.44)		(775.01)
	Cash and cash equivalents at the beginning of the year		358.45		1133.46
	Cash and cash equivalents at the end of the year		334.01		358.45
			24.44		775.01
	<b>Cash and cash equivalents comprise (Refer note 13)</b>				
	Cash on hand		4.03		6.85
	Balances with banks		329.98		351.60
	<b>Total cash and bank balances at end of the year</b>		334.01		358.45
	The accompanying notes are an integral part of these financial statements				

Previous year's figures have been restated, wherever necessary, to conform to this year's classification.

In terms of our report attached.  
**For MSKA & Associates**  
 (Formerly known as MZSK & Associates)  
 Chartered Accountants

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**  
 Chairman  
 DIN:00255679

**GEETHA JEYAKUMAR**  
 Partner

**SASHIKALA SRIKANTH**  
 Director  
 DIN: 01678374

**S R RAMAKRISHNAN**  
 Whole - Time Director  
 DIN:00120126

Place : Chennai  
 Date : 17 May 2018

**K R ANANDAN**  
 Chief Financial Officer

**M B GANESH**  
 Secretary



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

### Note 1: General Information

Southern Petrochemical Industries Corporation Limited ('the Company'/'SPIC'), 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 National Stock Exchange of India. The Company is manufacturing and selling Urea, a Nitrogenous chemical fertilizer and has its manufacturing facility at Tuticorin.

The Company has been appointed as the Handling Agent by Government of India for handling, packaging, transporting and sale of imported Urea at Karaikal and Tuticorin Ports.

Joint Venture Company Tamilnadu Petroproducts Limited (TPL) is in the manufacturing and selling of petrochemical products namely Linear Alkyl Benzene (LAB) and Caustic Soda from the manufacturing facilities situated at Manali, near Chennai.

### Note 2: Significant Accounting Policies

#### i) Basis of preparation of financial statements

##### a. Statement of Compliance with Ind AS

These consolidated 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 consolidated 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 consolidated 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 5 for an explanation of how the transition from previous GAAP (Indian GAAP) to Ind AS have affected the Company's financial position, financial performance and Cash flows.

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 assets and liabilities that have been measured at fair value as required by relevant Ind AS:-

- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)
- Investments in other debt instruments (Preference Shares)
- Fixed assets 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 sales and the time between the sale 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 3 for detailed discussion on estimates and judgments.

## d. Basis of consolidation:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the company's accounting policies.

### Investments in Associates and Joint Ventures

An **associate** is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A **joint venture** is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

**(1) Interests in Jointly Controlled entities:**

The Group's interests in jointly controlled entities are:

Name of the Company	Country of Incorporation	Percentage of ownership interest		
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Tamilnadu Petroproducts Limited	India	16.93	16.93	16.93
NationalA romatics and Petrochemicals Corporation Limited	India	50.00	50.00	50.00

**(2) Investments in Associates: The Group's associates are:**

Name of the Company	Country of Incorporation	Percentage of ownership interest		
		As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
TuticorinAlkali Chemicals and Fertilizers Limited	India	45.15	45.15	45.15
Gold Nest Trading Company Limited	India	32.76	32.76	32.76
Greenam Energy Private Limited	India	20.00	-	-

- (3) Investment in Tuticorin Alkali Chemicals and Fertilizers Limited, an associate company in which the Company holds 45.15% of its share capital, has not been accounted under "equity method" as required under Ind AS 28, since the carrying amount of investment as on 31 March 2018 is Nil. Accordingly, the Company's share in the net assets of the associate company have not been recognised in the consolidated financial statements.
- (4) Investment in Gold Nest Trading Company Limited, an associate company in which the Company holds 32.76% of its share capital, has not been accounted under "equity method" as required under Ind AS 28, since the carrying amount of investment as on 31 March 2018 is Nil. Accordingly, the Company's share in the net assets of the associate company have not been recognised in the consolidated financial statements.
- (5) Investment in Greenam Energy Private Limited, an associate company in which the Company holds 20.00% of its share capital, has not been accounted under "equity method" as required under Ind AS 28, since the Company is yet to commence its operation as on 31 March 2018 and the loss incurred during the financial year is immaterial. Accordingly, the Company's share in the net assets of the associate company have not been recognised in the consolidated financial statements.

**ii) Property, Plant and Equipment**

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. 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'. Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

**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 tangible assets is recognized so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight line method. The company has followed the useful life as prescribed in Schedule II of the Companies Act 2013, except in respect of the assets pertaining to Tuticorin manufacturing plant in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support.

Asset	Useful Life
Building – Factory	25-65 years
Building – Others	45-75 years
Plant and Machinery	15-49 years
Furniture and Fixtures	12-33 years
Vehicles	8-26 years
Office Equipments	7-38 years
Roads	34-44 years
Railway sidings	40 years

Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date of acquisition. 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) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

#### Transition to Ind AS

For transition to Ind AS, the company has elected to continue with the carrying value of its investment property recognized as of April 1, 2016 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### iv) 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.

The estimated useful life of intangible assets - software is 5 years

**Transition to Ind AS**

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

**v) 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 denominated in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**vi) 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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**vii) 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 (upto June 2017) and net of returns and allowances, trade discounts, Goods and Service Tax (since 1 July 2017) and amounts collected on behalf of third parties.

Under the New Pricing Scheme for Urea, the Government of India reimburses, in the form of subsidy, to the Fertilizer Industry, the difference between the cost of production and the selling price realized from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of the rates notified from time to time by

the Government of India on the quantity of Urea sold by the company for the period for which notification has been issued.

The said amount has been further adjusted for input price escalation/de-escalation as estimated by the Management in accordance with the known policy parameters in this regard.

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.

## viii) 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.

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

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement" and grouped under Deferred Tax. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

## ix) Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- ▶ The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- ▶ An active program to locate a buyer and complete the plan has been initiated (if applicable),

- ▶ The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- ▶ The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- ▶ Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

#### x) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2016, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

##### 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.

#### xi) 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 lower of cost and net realizable value. 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.

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.

#### xii) 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").

### xiii) 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.

### xiv) 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.

### xv) 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:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

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

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the Effective Interest Rate method (EIR).

**Fair Value Through Other Comprehensive Income (FVTOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of



Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair Value Through Profit or Loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

The company has equity instruments in 14 (fourteen) entities which are not held for trading. The company has elected the FVTOCI irrevocable option for these investments. Fair value is determined in the manner described in Note 8.

### **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 FVTOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) 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.

## xvi) Employee Benefits

### a. Short-term obligations

Liabilities for salaries and wages, 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

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

**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 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 partly while in service and on discontinuation of service by employee.

#### **xvii) 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.

#### **xviii) Earnings Per Equity Share**

Basic earnings per equity 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 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.

#### **xix) 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.

#### **xx) 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.

#### **xxi) Subsidy from Government**

Subsidies from the government are recognized when there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with. When the subsidy relates to an expenses item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

## xxii) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### Note 3: Significant accounting judgments, estimates and assumptions

The preparation of 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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.

#### a. Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

#### b. Defined benefit plans (gratuity benefits and compensated absences)

The cost of the defined benefit plans such as gratuity and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 36.

#### c. Useful lives of Property, Plant and Equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

#### d. Revenue Recognition

The Company provides customer incentives, such as rebates, based on quantity purchased, timing of collections etc. Various estimates are made to recognise the impact of rebates and other incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and current conditions.

#### e. Subsidy Income

Subsidy income is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the New Pricing Scheme for Urea on the quantity of Urea sold by the Company for the period for which notification has been issued and for the remaining period, based on estimates.

#### f. Provision for doubtful receivables

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

**Note 4: 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 these amendments. The Company believes that the adoption of the above standards are not expected to have any significant impact on the Company's financial statements.

**Note 5: First-time adoption to Ind AS**

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.

**Note 5.1: 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**

Since there is no change in the functional currency, the Company has elected to continue with carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as its deemed cost at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38, Intangible Assets and investment properties. Accordingly the management has elected to measure all of its property, plant and equipment, investment properties and intangible assets at their Indian GAAP carrying value.

**b. Impairment of financial assets**

The company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

## Note 5.2: 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. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

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

(ii) **FVTOCI – equity securities**

### b. Derecognition of financial assets and financial liabilities

The company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April 2016 (the transition date).

### c. Classification of debt instruments

The company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

### d. Equity instruments at FVTOCI

The Company has designated investment in equity shares other than associate and joint ventures as at FVTOCI on the basis of facts and circumstances that existed at the transition date.

**Note 5.3: Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards:

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

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	g(viii) & g(iv)	31971.40	(4079.19)	27892.21
Capital work-in-progress	g(viii)	2719.13	(1540.94)	1178.19
Intangible asset under development	g(viii)	477.03	(429.47)	47.56
Investment property	g(iv)	-	139.59	139.59
<b>Financial assets</b>				
i) Investments				
Investments in associates		-	-	-
Investments in Joint Ventures	g(viii)	-	5120.05	5120.05
Other equity investments	g(viii) & (vii)	955.92	(16.32)	939.60
Other investments		1.00	-	1.00
Other assets	g(viii)	-	25139.62	25139.62
Income tax assets (Net)	g(viii)	-	476.72	476.72
Deferred tax asset (net)	g(iii)	-	3658.09	3658.09
Other assets	g(viii)	29870.73	(25796.14)	4074.59
<b>Total non-current assets</b>		<b>65995.21</b>	<b>2672.01</b>	<b>68667.22</b>
<b>Current assets</b>				
Inventories	g(viii)	10296.08	(1043.87)	9252.21
Financial assets				
Trade receivables	g(viii)	6809.61	(531.16)	6278.45
Cash and cash equivalents	g(viii)	3518.88	(2385.42)	1133.46
Bank balances other than above		-	437.25	437.25
Other assets	g(viii)	77784.10	(1213.00)	76571.10
Other current assets	g(viii)	357.11	574.33	931.44
<b>Total current assets</b>		<b>98765.78</b>	<b>(4161.87)</b>	<b>94603.91</b>
<b>Total assets</b>		<b>164760.99</b>	<b>(1489.86)</b>	<b>163271.13</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	g(i)	21614.03	(1250.00)	20364.03
Other equity	g(i),(ii) & (viii)	5843.72	690.08	6533.80
<b>Total equity</b>		<b>27457.75</b>	<b>(559.92)</b>	<b>26897.83</b>
<b>Share application money pending allotment</b>	g(viii)	<b>1445.00</b>	<b>(1445.00)</b>	-
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
<b>Borrowings</b>				
Others	g(viii)	89.14	(89.14)	-
Long term provisions	g(viii)	3015.25	(535.56)	2479.69
Long term provisions	g(viii)	46.05	(46.05)	-
<b>Total non-current liabilities</b>		<b>3150.44</b>	<b>(670.75)</b>	<b>2479.69</b>

## Note 5.3: Reconciliation of equity continued...

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	g(i) & g(viii)	12956.06	3292.80	16248.86
Trade payables	g(viii)	115963.92	(1377.41)	114586.51
Dues to Micro Enterprises and Small Enterprises		0.10	-	0.10
Other current financial liabilities	g(viii)	-	1619.16	1619.16
Provisions	g(viii)	299.16	(7.17)	291.99
Other liabilities	g(viii)	3488.56	(2341.57)	1146.99
<b>Total current liabilities</b>		<b>132707.80</b>	<b>1185.81</b>	<b>133893.61</b>
<b>Total liabilities</b>		<b>135858.24</b>	<b>515.06</b>	<b>136373.30</b>
<b>Total equity and liabilities</b>		<b>164760.99</b>	<b>(1489.86)</b>	<b>163271.13</b>

\* 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

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	g(iv) & g(viii)	30169.21	(4041.10)	26128.11
Capital work-in-progress	g(viii)	3790.41	(1573.47)	2216.94
Intangible asset under development	g(viii)	482.59	(429.46)	53.13
Investment property	g(iv)	-	136.12	136.12
<b>Financial assets</b>				
Investments				
Investments in associates		-	-	-
Investments in Joint Ventures	g(viii)	-	5311.15	5311.15
Other equity investments	g(vii) & g(viii)	964.04	341.00	1305.04
Other investments	g(vii) & g(viii)	-	1.00	1.00
Other financial assets	g(viii)	-	12649.68	12649.68
Income tax assets (Net)	g(viii)	-	504.39	504.39
Deferred tax asset (net)	g(iii)	-	3586.51	3586.51
Other assets	g(viii)	17778.90	(13754.58)	4024.32
<b>Total non-current assets</b>		<b>53185.15</b>	<b>2731.24</b>	<b>55916.39</b>
<b>Current assets</b>				
Inventories	g(viii)	24136.40	(1196.46)	22939.94
Financial assets				
Trade receivables	g(viii)	10223.75	(1067.80)	9155.95
Cash and cash equivalents	g(viii)	2687.73	(2329.28)	358.45
Bank balances other than above		-	390.87	390.87
Others	g(viii)	36313.09	(1514.24)	34798.85
Other current assets	g(viii)	136.42	1260.51	1396.93
Assets held for sale		-	30.00	30.00
<b>Total current assets</b>		<b>73497.39</b>	<b>(4426.40)</b>	<b>69070.99</b>
<b>Total assets</b>		<b>126682.54</b>	<b>(1695.16)</b>	<b>124987.38</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity share capital	g(i)	21614.03	(1250.00)	20364.03
Other equity	g(i), g(ii) & g(viii)	8812.66	755.79	9568.45
<b>Total equity</b>		<b>30426.69</b>	<b>(494.21)</b>	<b>29932.48</b>
Share application money pending allotment		1445.00	(1445.00)	-



**Note 5.3: Reconciliation of equity continued...**

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	g(viii)	3446.10	(36.60)	3409.50
Deffered tax liabilities	g(viii)	131.43	(131.43)	-
Other Financial Liabilities	g(viii)	3212.20	(571.20)	2641.00
Long term provisions	g(viii)	62.55	(62.55)	-
<b>Total non-current liabilities</b>		<b>6852.28</b>	<b>(801.78)</b>	<b>6050.50</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	g(i) & g(viii)	46395.27	3773.07	50168.34
Trade payables	g(viii)	38747.58	(1715.74)	37031.84
Others	g(viii)	-	595.71	595.71
Provisions	g(viii)	1270.96	(858.60)	412.36
Current tax liabilities (net)	g(viii)	1544.76	(748.61)	796.15
<b>Total current liabilities</b>		<b>87958.57</b>	<b>1045.83</b>	<b>89004.40</b>
<b>Total liabilities</b>		<b>94810.85</b>	<b>244.05</b>	<b>95054.90</b>
<b>Total equity and liabilities</b>		<b>126682.54</b>	<b>(1695.16)</b>	<b>124987.38</b>

\* 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**

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Income</b>				
Revenue from operations	g(v), g(vi) & g(viii)	170368.05	(20125.24)	150242.81
Other income	g(viii)	1961.26	(582.17)	1379.09
<b>Total income</b>		<b>172329.31</b>	<b>(20707.41)</b>	<b>151621.90</b>
<b>Expenses</b>				
Cost of material consumed	g(viii)	89067.41	(8534.92)	80532.49
Purchase of Stock-in-trade	g(viii)	3889.22	(212.98)	3676.24
Changes in inventories of finished goods, stock-in-trade and work-in-progress	g(viii)	(5196.79)	28.91	(5167.88)
Excise duty on sale of goods	g(vi)	-	340.56	340.56
Employee benefit expense	g(ii) & g(viii)	5818.41	(553.48)	5264.93
Finance costs	g(i) & g(viii)	1456.25	(399.71)	1056.54
Depreciation and amortization expense	g(viii)	3350.00	(266.84)	3083.16
Other expenses	g(v) & g(viii)	70437.53	(10237.00)	60200.53
<b>Total expenses</b>		<b>168822.03</b>	<b>(19835.46)</b>	<b>148986.57</b>
<b>Profit /(Loss) before exceptional items and tax</b>		<b>3507.28</b>	<b>(871.95)</b>	<b>2635.33</b>
Exceptional items		2855.71	-	2855.71
<b>Profit /(Loss) before tax</b>		<b>6362.99</b>	<b>(871.95)</b>	<b>5491.04</b>
Share of profit of Joint Ventures (net of tax)	g(viii)	-	776.39	776.39
<b>Profit Before Tax</b>		<b>6362.99</b>	<b>(95.56)</b>	<b>6267.43</b>
<b>Tax expense</b>				
Current tax	g(viii)	0.72	(0.56)	0.16
Current tax relating to prior years	g(viii)	417.24	-	417.24
Deferred tax	g(viii)	131.42	0.01	131.43
<b>Total income tax expense</b>		<b>549.38</b>	<b>(0.55)</b>	<b>548.83</b>
<b>Profit for the year</b>		<b>5813.61</b>	<b>(95.01)</b>	<b>5718.60</b>

## Note 5.3: Reconciliation of equity continued...

(₹ in lac)

Particulars	Notes to first-time adoption	Indian GAAP*	Adjustments	Ind AS
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Effect of measuring investments at fair value (Net of deferred tax)	g(ii)	-	357.88	357.88
Gain or loss on actuarial valuation of gratuity	g(v)		(78.06)	(78.06)
Income tax effect		-	(71.57)	(71.57)
Share of Other Comprehensive Income from Joint Ventures			36.48	36.48
Other comprehensive income for the year		-	244.73	244.73
<b>Total other comprehensive income for the year</b>		<b>5813.61</b>	<b>149.71</b>	<b>5963.32</b>

\* 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

(₹ in lac)

Particulars	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		8812.66	5843.72
<b>Adjustment</b>			
(i) Effect of measuring investments at fair value (Net of deferred tax)	g(vii)	278.12	(8.11)
(ii) Recognition of deferred tax on unabsorbed depreciation	g(iii)	3656.07	3656.07
(iii) Transitional impact on Joint Ventures		9.05	47.53
(iv) Fair value of shares - share of joint ventures	g(vii)	1.17	1.17
(v) Effect on accounting for interest on cumulative preference shares	g(i)	(3188.62)	(3006.58)
<b>Total Adjustment</b>		<b>755.79</b>	<b>690.08</b>
<b>Shareholder's equity as per Ind AS</b>		<b>9568.45</b>	<b>6533.80</b>

### (e) Reconciliation of total comprehensive income for the year ended 31 March 2017

(₹ in lac)

Particulars	Notes to first-time adoption	As at 1 April 2017
Profit as per Indian GAAP		5813.61
Adjustment		
Interest on borrowings - preference share capital	g(i)	(182.03)
Gratuity Liability	g(ii)	78.06
Others	g(viii)	8.95
<b>Net profit after tax as per Ind AS</b>		<b>5718.59</b>

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

(₹ in lac)

		Indian GAAP*	Adjustments	Ind AS
Net cash flow from operating activities	g(viii)	(34261.76)	(568.99)	(34830.75)
Net cash flow from investing activities	g(viii)	(2063.34)	87.49	(1975.85)
Net cash flow from financing activities	g(viii)	35509.31	522.28	36031.59
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(815.79)</b>	<b>40.78</b>	<b>(775.01)</b>
Cash and cash equivalents as at 1 April 2016	g(viii)	2915.36	(1781.90)	1133.46
<b>Cash and cash equivalents as at 31 March 2017</b>		<b>2099.57</b>	<b>(1741.12)</b>	<b>358.45</b>

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

### (g) Notes to first-time adoption

#### (i) Redeemable preference shares

The Company had issued fully non convertible preference shares. They carry fixed cumulative dividend and non convertible at the option of the holder into the equity instruments of the Company. Under Indian GAAP, non convertible preference shares were classified as equity. Under Ind AS, non convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognized using the effective interest method. Thus the non convertible preference shares equity amount under Indian GAAP

**Note 5.3: Reconciliation of equity continued...**

is reduced by ₹1250 lac as on 31 March 2017 (1 April 2016 ₹ 1250 lac) with a corresponding increase in borrowings as liability component.

**(ii) 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 ₹78.06 lac and re-measurement gains/ losses on defined benefit plans of the corresponding amount has been recognized in the OCI, net of taxes.

**(iii) Deferred tax**

Indian GAAP requires assessment of virtual certainty in case of losses for recognizing deferred tax asset, but under Ind AS deferred tax assets are recognized 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. The company has recognized deferred tax asset on unabsorbed depreciation resulting in an additional deferred tax asset of ₹ 3586.52 lac as of 1 April 2016 and ₹ 3586.52 lac as on 31 March 2017.

**(iv) Investment Property**

Under previous GAAP, there was no requirement to present investment property separately and the same was included under fixed assets and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1 April 2016 of ₹ 139.59 lac and as at 31 March 2017 of ₹ 136.12 lac under previous GAAP has been reclassified to a separate line item on the face of the balance sheet.

**(v) Revenue**

Under Ind-AS, cash discounts are considered part of the overall consideration receivable and is recognized on an estimated basis at the time of sales. Under Indian GAAP cash discounts are recognized at the time of collection from debtors and is disclosed as part of other expenses. The change does not affect total equity as at 1 April 2016 and 31 March 2017, profit before tax or total profit for the year ended 31 March 2017.

**(vi) 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 1 April 2016 and 31 March 2017, profit before tax or total profit for the year ended 31 March 2017.

**(vii) Fair valuation of investments**

Under previous GAAP, current investments were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTOCI on the date of transition. The fair value changes are recognised in profit or loss. On transitioning to Ind AS, these financial assets have been measured at their fair values which is higher than cost as per previous GAAP, resulting in an increase in carrying amount by ₹ 347.74 lac as at 31 March 2017 and decrease in carrying amount by ₹ 10.14 lac as at 1 April 2016. The corresponding deferred taxes have also been recognised as at 31 March 2017 (₹ 124.62) lac and as at 1 April 2016 ₹2.01 lac. The net effect of these changes is an increase in total equity as at 31 March 2017 of ₹ 223.11 lac (as at 1 April 2016 ₹ (8.12) lac).

**(viii) Joint venture**

The Company accounted the following investments in joint ventures using the proportionate consolidation method under previous GAAP whereas it needs to be accounted using the equity method under Ind AS.

Tamilnadu Petroproducts Limited

As required by Ind AS 101, the Company has on the date of transition, recognised investments in joint ventures by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Company had proportionately consolidated under previous GAAP as of the date of transition. This revised investment amount has been deemed to be the cost of investment at initial recognition and accounted using the equity method in accordance with Ind AS 28.

The break-down of the assets and liabilities of these joint ventures that have been aggregated into the single line investment balance at the transition date is below:

Particulars	(₹. in lac)
	As at 1 April 2016
Non-Current Assets	24,666.10
Current Assets	24,286.70
Non-Current Liabilities	957.66
Current liabilities	17,752.66
Company's share in Investment in Joint venture (TPL) 16.93%	5,120.05

(₹ in lac)

**Note 6: Property, Plant and Equipment**

Particulars	Gross block			Accumulated depreciation and impairment			Net block			
	Opening Balance as at 1 April 2017	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2018	Opening Balance as at 1 April 2017	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>(i) Tangible Assets (Owned)</b>										
(a) Land (Freehold)	4720.23	-	5.75	4714.48	-	-	-	-	4714.48	4720.23
(b) Buildings	2995.91	306.42	13.54	3288.79	164.49	167.38	9.65	322.22	2966.57	2831.42
(c) Plant and Equipment	19128.02	913.04	617.97	19423.09	1873.97	2704.00	557.42	4020.55	15402.54	17254.05
(d) Furniture and Fixtures	57.04	3.97	0.37	60.64	5.17	5.27	0.50	9.94	50.70	51.87
(e) Vehicles	69.47	80.86	8.34	141.99	7.62	12.53	7.14	13.01	128.98	61.85
(f) Office equipments	1010.56	1061.45	9.51	2062.50	140.13	1060.51	8.80	1191.84	870.66	870.43
(g) Roads	74.55	-	-	74.55	20.61	21.04	-	41.65	32.90	53.94
(h) Railway Sidings	298.14	-	-	298.14	13.82	13.82	-	27.64	270.50	284.32
<b>Total</b>	<b>28353.92</b>	<b>2365.74</b>	<b>655.48</b>	<b>30064.18</b>	<b>2225.81</b>	<b>3984.55</b>	<b>583.51</b>	<b>5626.85</b>	<b>24437.33</b>	<b>26128.11</b>
<b>(ii) Intangible Assets</b>										
-Softwares	-	129.98	-	129.98	-	23.27	-	23.27	106.71	-

(₹ in lac)

**Previous year**

Particulars	Gross block			Accumulated depreciation and impairment			Net block			
	Opening Balance as at 1 April 2016	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2017	Opening Balance as at 1 April 2016	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2017	As at 31 March 2017	As at 1 April 2016
<b>Tangible Assets (Owned)</b>										
(a) Land (Freehold)	4707.94	42.29	30.00	4720.23	-	-	-	-	4720.23	4707.94
(b) Buildings	2995.91	-	-	2995.91	-	164.49	-	164.49	2831.42	2995.91
(c) Plant and Equipment	18781.79	1373.44	1027.21	19128.02	-	2712.32	838.35	1873.97	17254.05	18781.79
(d) Furniture and Fixtures	56.53	0.51	-	57.04	-	5.17	-	5.17	51.87	56.53
(e) Vehicles	67.40	5.05	2.98	69.47	-	10.34	2.72	7.62	61.85	67.40
(f) Office equipments	932.58	91.88	13.90	1010.56	-	152.94	12.81	140.13	870.43	932.58
(g) Roads	51.92	22.63	-	74.55	-	20.61	-	20.61	53.94	51.92
(h) Railway Sidings	298.14	-	-	298.14	-	13.82	-	13.82	284.32	298.14
<b>Total</b>	<b>27892.21</b>	<b>1535.80</b>	<b>1074.09</b>	<b>28353.92</b>	<b>-</b>	<b>3079.69</b>	<b>853.88</b>	<b>2225.81</b>	<b>26128.11</b>	<b>27892.21</b>

**Note 7: Investment Property**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Carrying amount of Completed investment property	<b>132.65</b>	136.12	139.59
<b>Total</b>	<b>132.65</b>	136.12	139.59

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Cost or Deemed cost</b>			
<b>Balance at the beginning of the year</b>	<b>139.59</b>	139.59	139.59
Additions	-	-	-
<b>Balance at the end of the year</b>	<b>139.59</b>	139.59	139.59
<b>Accumulated depreciation and impairment</b>			
<b>Balance at the beginning of the year</b>	<b>3.47</b>	-	-
Depreciation expense	<b>3.47</b>	3.47	-
<b>Balance at the end of the year</b>	<b>6.94</b>	3.47	-

**Note 7.1: Fair value of the Company's investment property**

As at 31 March 2018 and 31 March 2017, the fair values of the property are ₹316.96 lac and ₹316.96 lac respectively. These valuations are based on valuations performed by M/s. Anbusivam Valuers., an accredited independent valuer. M/s. Anbusivam Valuers, is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

**Note 7.2: Information regarding income and expenditure of Investment property**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Rental income derived from investment properties	<b>10.48</b>	10.48
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
	<b>10.48</b>	10.48
Profit arising from investment properties before depreciation and indirect expenses	<b>10.48</b>	10.48
Less : Depreciation	<b>(3.47)</b>	(3.47)
Profit arising from investment properties before indirect expenses	<b>7.01</b>	7.01

The Company's investment properties consist of commercial property in India given on non-cancellable lease for a period of 5 Years.

**Note 7.3:** Under Indian GAAP, there was no requirement to present investment property separately and the same was included under fixed assets and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1 April 2016 of ₹ 139.59 lac and as at 31 March 2017 of ₹ 136.12 lac under Indian GAAP has been reclassified to a separate line item on the face of the balance sheet.

## Note 8: Investments

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A Investments in Associates at cost</b>			
<b>1. Quoted Investments in equity instruments</b>			
- Tuticorin Alkali Chemicals and Fertilizers Limited (Refer Note 8 (i) below) 66,80,113 (2017: 66,80,113 and 2016 :66,80,113) Equity Shares of ₹ 10 each, fully paid up	-	-	-
<b>Total Aggregate Quoted Investments (1)</b>	-	-	-
<b>2. Unquoted investments</b>			
<b>a) Investments in equity instruments.</b>			
- Gold Nest Trading Company Limited 2,49,000 (2017:2,49,000 and 2016:2,49,000) Equity Shares of ₹ 100 each, fully paid up	-	-	-
-Greenam Energy Private Limited (Refer Note 8 (iv) (b) below) 2 (2017:Nil and 2016: Nil) Equity Shares of ₹ 10 each, fully paid up	0.00	-	-
<b>b) Investment in preference shares</b>			
- Tuticorin Alkali Chemicals and Fertilisers Limited 20,00,000 (2017:20,00,000 and 2016:20,00,000) 5% Redeemable Cumulative Preference Shares of ₹ 100 each, fully paid up	2000.00 (2000.00)	2000.00 (2000.00)	2000.00 (2000.00)
Provision for Diminution in Investment value	-	-	-
<b>Total Aggregate Unquoted Investments (2)</b>	-	-	-
<b>Total Investments in associates (1) + (2)</b>	0.00	-	-
<b>B Investments in Joint Ventures at deemed cost</b>			
<b>1. Quoted Investments in equity instruments</b>			
- Tamilnadu Petroproducts Limited 1,52,34,375 (2017:1,52,34,375 and 2016:1,52,34,375) Equity Shares of ₹ 10 each Add: Share of Profit and other comprehensive income	5311.15	5120.05	5120.05
<b>Total Aggregate Quoted Investments (1)</b>	814.57	191.10	-
<b>2. Unquoted Investments in equity instruments</b>			
- National Aromatics and Petrochemicals Corporation Limited 25,000 (2017:25,000 and 2016:25,000) Equity Shares of ₹ 10 each Add: Share of Profit for the year	-	-	-
<b>Total Aggregate Unquoted Investments (2)</b>	-	-	-
<b>Total Investments in joint ventures (1) + (2)</b>	6125.72	5311.15	5120.05
<b>C Other Equity Investments carried at FVTOCI</b>			
<b>1. Quoted Investments in equity instruments</b>			
<b>Investments in equity</b>			
- Manali Petrochemicals Limited 10,000 (2017 :10,000 and 2016 :10,000) Equity shares of ₹ 5 each, fully paid up	3.36	3.99	2.52
- State Bank of India 9,660 (2017 # :3,450 and 2016 :3,450 Equity Shares of ₹ 10 each) Equity Shares of ₹1 each, fully paid up	24.14	26.49	17.24

\* Erstwhile State Bank of Bikanar and Jaipur merged with State Bank of India and SBI shares allotted

**Note 8: Investments continued...**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
- ICICI Bank Limited 2106 (2017 :1915 and 2016 :1915) Equity Shares of ₹ 2 each, fully paid up	5.86	5.30	4.53
- Mercantile Ventures Limited 92,20,000 (2017 :92,20,000 and 2016:92,20,000) Equity Shares of ₹ 10 each, fully paid up	963.49	1087.96	793.84
- SICAGEN India Limited (Refer Note 8(ii) below) 5,77,681 (2017: 5,77,681 and 2016: 5,77,681) Equity Shares of ₹ 10 each, fully paid up	206.81	148.75	96.47
<b>Total Aggregate Quoted Investments (1)</b>	<b>1203.66</b>	<b>1272.49</b>	<b>914.60</b>
<b>2. Unquoted investments</b>			
<b>Investments in equity</b>			
- SPIC Petrochemicals Limited (Refer Note 8 (iii) below) 25,37,50,009 (2017 :25,37,50,009 and 2016 :25,37,50,009) Equity Shares of ₹ 10 each, fully paid up Provision for Diminution in Investment value	25375.00 (25375.00)	25375.00 (25375.00)	25375.00 (25375.00)
- Biotech Consortium India Limited 2,50,000 (2017 :2,50,000 and 2016 :2,50,000) Equity Shares of ₹ 10 each, fully paid up	25.00	25.00	25.00
- Chennai Willington Corporate Foundation 50 (2017: 50 and 2016 : 50 ) Equity Shares of ₹ 10 each costing ₹ 450, fully paid up	0.00	0.00	0.00
- OPG Power Generation Private Limited (Refer Note 8(iv)(a) below) 2,54,700 (2017 :68,700 and 2016: Nil Equity Shares of ₹10, fully paid up	28.95	7.55	-
<b>Total Aggregate Unquoted Investments (2)</b>	<b>53.95</b>	<b>32.55</b>	<b>25.00</b>
<b>Total Other equity Investments (1) + (2)</b>	<b>1257.61</b>	<b>1305.04</b>	<b>939.60</b>
<b>D Other Investments carried at FVTOCI</b>			
<b>1 Investments in Preference Shares</b>			
- SPIC Petrochemicals Limited (Refer Note 8 (iii) below) 5,000 (2017 :5,000 and 2016 :5,000 ) 8% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each, fully paid up Provision for Diminution in Investment value	5.00 (5.00)	5.00 (5.00)	5.00 (5.00)
<b>Total Aggregate Unquoted Investments in preference shares (1)</b>	-	-	-
<b>2 Investment in bonds - fully paid up</b>			
- SPIC Petrochemicals Limited* (Refer Note 8 (iii) below) [Zero interest non-transferable bonds] * Repayable in ten equal half-yearly instalments after 12 years from the commencement of commercial production or total re-payment of the term loan to the lenders whichever is earlier. The carrying value of this investment has been fully provided for. Provision for Diminution in Investment value	30609.63 (30609.63)	30609.63 (30609.63)	30609.63 (30609.63)
<b>Total Aggregate Investments in Bond( 2)</b>	-	-	-

**Note 8: Investments continued...**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>3 Investment in Mutual Funds (all fully paid)</b>			
- Canara Robecco Equity Diversified - Growth Plan (formerly known as Canara Robecco Fortune) - 94 units 12,760 (2017 :12,760 and 2016 :12,760 ) Units of ₹ 10 each	1.00	1.00	1.00
<b>Total Aggregate Investments In Mutul Funds (3)</b>	<b>1.00</b>	1.00	1.00
<b>Total Other Investments (1) + (2) + (3)</b>	<b>1.00</b>	1.00	1.00
<b>Aggregate book value of</b>			
- a) Quoted investments	<b>7329.38</b>	6583.64	6034.65
- b) Unquoted investments	<b>54.96</b>	33.56	26.01
<b>Aggregate market value of</b>			
Quoted investments	<b>9252.89</b>	7664.98	4317.40

8 (i) The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said Company without their prior approval.

8 (ii) Consequent to the Scheme of Arrangement (Demerger) between SICAL Logistics Limited and SICAGEN India Limited, sanctioned by the Hon'ble High Court of Madras, by its order dated 20 December 2007, the Company was allotted 5,77,681 Equity Shares of the face value of ₹ 10 each in SICAGEN India Limited.

8 (iii) The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn and Purified Terephthalic Acid. The Company had invested ₹25375.00 lac in the equity share capital, ₹5.00 lac in preference share capital and ₹30609.63 lac in Unsecured Zero Interest Bonds. Consequent to the litigation between Chennai Petroleum Corporation Limited (CPCL) and the Company, the implementation of the project was injuncted. On the winding up petitions that were filed by certain unsecured creditors, the Hon'ble Madras High Court ordered the winding up of the Company on 17 April 2009.

In view of the above developments, full provision had already been made in the earlier years for the carrying value of investments and also for all other dues from this Company.

8 (iv) During the year, the Company invested in:

- (a) 1,86,000 numbers of Equity shares at ₹ 10/- each, at a premium of ₹ 1.50/- per share, aggregating ₹ 21.39 lac in OPG Power Generation Private Limited pursuant to the Share Purchase and Shareholders Agreement dated 22 December 2016 and the Addendum thereto dated 22 June 2017 for purchase and consumption of 10MW of power at a concessional tariff as applicable under Group Captive Scheme of the Government of India under Electricity Rules, 2005 to achieve savings in cost of power.
- (b) 2 equity shares at ₹10/- each at par in M/s. Greenam Energy Private Limited, a company incorporated for setting up a 25 – 29 MW DC solar power project.



**Note 9: Other financial assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A) Other financial assets - Non current</b>			
<b>Financial assets carried at amortized cost</b>			
Deposits :			
Considered good	199.49	156.52	175.12
Doubtful	129.26	116.77	129.11
	328.75	273.29	304.23
Less: Provision for doubtful deposits	129.26	116.77	129.11
	199.49	156.52	175.12
Loans to employees :			
Considered good	-	0.78	1.07
Doubtful	5.84	5.03	7.15
	5.84	5.81	8.22
Less: Provision for doubtful loans	5.84	5.03	7.15
	-	0.78	1.07
Subsidy Receivable	-	12492.38	24963.43
<b>Total</b>	<b>199.49</b>	<b>12649.68</b>	<b>25139.62</b>
<b>B) Other financial assets - current</b>			
<b>Financial assets carried at amortized cost</b>			
Loans to related parties :			
Considered good	58.86	2941.26	70.27
Doubtful	1488.16	1487.75	4283.58
	1547.02	4429.01	4353.85
Less: Provision for doubtful loans	1488.16	1487.75	4283.58
	58.86	2941.26	70.27
Interest accrued on deposits	89.01	95.15	89.50
Insurance claims receivable	0.07	0.07	0.07
Subsidy Receivable	52581.52	31762.37	76411.26
<b>Total</b>	<b>52729.46</b>	<b>34798.85</b>	<b>76571.10</b>

**Note 10: Other Non-Current Assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Deposits			
Considered good	3052.05	2932.50	2386.59
Doubtful	1.81	1.81	1.81
	3053.86	2934.31	2388.40
Less: Provision for doubtful deposits	1.81	1.81	1.81
	3052.05	2932.50	2386.59
Advances to employees			
Considered Doubtful	13.21	15.27	13.15
Less: Provision for doubtful loans and advances	13.21	15.27	13.15
	-	-	-
Capital advances	608.79	127.49	803.97
Balances with government authorities			
Considered good	963.94	964.33	884.03
Doubtful	210.22	210.22	210.22
	1174.16	1174.55	1094.25
Less: Provision for doubtful receivables	210.22	210.22	210.22
	963.94	964.33	884.03
<b>Total</b>	<b>4624.78</b>	<b>4024.32</b>	<b>4074.59</b>

**Note 11: Inventories**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Raw materials in stock (at cost)	10254.39	4274.63	4772.56
Raw material in-transit (at cost)	-	8334.81	-
Work in progress in stock (At cost)	10254.39	12609.44	4772.56
Finished goods in stock (At lower of cost and net realizable value)	2005.15	219.39	62.09
Stock in trade	3801.02	5540.69	593.11
Stores and spares including packing material (At cost)	10.38	1558.19	1495.19
Stores and spares in-transit	1705.14	1489.91	1719.75
	-	-	21.53
Fuel Oil (at cost)	1705.14	1489.91	1741.28
	1098.54	1522.32	587.98
<b>Total</b>	<b>18874.62</b>	<b>22939.94</b>	<b>9252.21</b>

**11 (i): Details of work-in-progress**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Tissue Culture	128.59	170.14	60.25
Others	1876.56	49.25	1.84
<b>Total</b>	<b>2005.15</b>	<b>219.39</b>	<b>62.09</b>

**Note 12: Trade receivables**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Unsecured, considered good	4745.27	9155.95	6278.45
Unsecured, considered doubtful	649.03	649.04	780.64
	5394.30	9804.99	7059.09
Less: Allowance for doubtful debts	649.03	649.04	780.64
<b>Total</b>	<b>4745.27</b>	<b>9155.95</b>	<b>6278.45</b>

**Note 13 (A): Cash and cash equivalents**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks:			
- In current accounts	329.11	350.74	1128.63
- In EEFC accounts	0.87	0.86	0.88
Cash on hand	4.03	6.85	3.95
<b>Total</b>	<b>334.01</b>	<b>358.45</b>	<b>1133.46</b>

**For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Cash and cash equivalents</b>			
Balances with banks:			
- In current accounts	329.11	350.74	1128.63
- In EEFC accounts	0.87	0.86	0.88
Cash on hand	4.03	6.85	3.95
<b>Total</b>	<b>334.01</b>	<b>358.45</b>	<b>1133.46</b>

**Note 13 (B): Bank balances other than Cash and cash equivalent**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Balances with banks			
- Balances held as margin money or security against borrowings, guarantees and other commitments	420.45	372.65	426.79
-Balance in Escrow Account	4.20	18.22	10.46
<b>Total</b>	<b>424.65</b>	<b>390.87</b>	<b>437.25</b>

**Note 14 Other current assets**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advances to employees - Considered good	1.60	5.32	2.33
Other Advances			
Considered good	127.22	238.53	130.99
Doubtful	493.12	505.47	365.61
	<b>620.34</b>	<b>744.00</b>	<b>496.60</b>
Less: Provision for doubtful advances	493.12	505.47	365.61
	<b>127.22</b>	<b>238.53</b>	<b>130.99</b>
Prepaid expenses	216.23	199.65	179.13
Balances with government authorities			
Considered good	18387.81	704.40	279.96
Doubtful	37.40	37.40	37.40
	<b>18425.21</b>	<b>741.80</b>	<b>317.36</b>
Less: Provision for doubtful balances	37.40	37.40	37.40
	<b>18387.81</b>	<b>704.40</b>	<b>279.96</b>
Advances to Suppliers	440.48	249.03	339.03
<b>Total</b>	<b>19173.34</b>	<b>1396.93</b>	<b>931.44</b>

**Note 15: Assets held for sale**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Fixed assets held for sale	-	30.00	-
<b>Total</b>	<b>-</b>	<b>30.00</b>	<b>-</b>

**Note 16: Share Capital**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Authorised:</b>			
31,60,00,000 (31,60,00,000) Equity shares of ₹10 each	31600.00	31600.00	31600.00
55,00,000 (55,00,000) Redeemable cumulative preference shares of ₹100 each	5500.00	5500.00	5500.00
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible Preference (FCCP) shares of ₹18 each	5400.00	5400.00	5400.00
	<b>42500.00</b>	<b>42500.00</b>	<b>42500.00</b>
<b>Issued, subscribed and fully paid up:</b>			
20,36,40,336 ( 20,36,40,336 ) Equity shares of ₹10 each (Refer note 16 (i) to 16 (iii) below)	20364.03	20364.03	20364.03

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

**16 (ii): Details of Shareholders holding more than 5% shares in the Company**

Class of shares / Name of shareholder	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>						
AMI Holdings Private Limited, India	3,72,76,700	18.31	3,72,76,700	18.31	3,72,76,700	18.31
Lotus Fertilizers Private Limited	2,79,95,454	13.75	2,79,95,454	13.75	2,79,95,454	13.75
The Bank of Newyork Mellon	1,69,41,800	8.32	1,70,66,800	8.38	1,70,66,800	8.38
FICON Holdings Limited	1,56,82,775	7.70	1,56,82,775	7.70	1,56,82,775	7.70
<b>Preference Shares</b>						
14.50% Redeemable cumulative non-convertible preference shares						
Bajaj Auto Limited	3,00,000	100.00	3,00,000	100.00	3,00,000	100.00
11.50% Redeemable cumulative non-convertible preference shares						
Punjab and Sind Bank	-	-	1,50,000	17.65	1,50,000	17.65
State Bank of India (formerly State Bank of Mysore)	-	-	1,00,000	11.76	1,00,000	11.76
United India Insurance Company Limited	1,00,000	11.76	1,00,000	11.76	1,00,000	11.76
AMI Holdings Private Limited, India	6,50,000	76.48	-	-	-	-
Dynamic Global Trading Corporation Limited	1,00,000	11.76	5,00,000	58.83	-	-
The Jammu and Kashmir Bank Ltd	-	-	-	-	5,00,000	58.83
10.00% Redeemable cumulative non-convertible preference shares						
Mrs. Brish Darbari Seth & Mrs Biya Sanjay Thukral	-	-	25,000	25.00	25,000	25.00
AMI Holdings Private Limited, India	1,00,000	100.00	75,000	75.00	-	-
Ms Mina Rohit Chand	-	-	-	-	25,000	25.00
Mrs Dolly Robin Lai & Robin Diwan Lai	-	-	-	-	25,000	25.00
Mrs Sindhu Seth	-	-	-	-	25,000	25.00

**16 (iii): Equity shares include :**

- (a) 1,66,66,666 shares of ₹10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of ₹18 per share inclusive of a premium of ₹8 per share in accordance with Issue of Capital and Disclosure Requirements Regulations, 2009 ("SEBI ICDR Regulations") by conversion of secured debts of a sum of ₹ 3000 lac in to equity at the meeting of the Board of Directors held on 30 March 2010.
- (b) 32,14,734 shares of ₹ 10 each fully paid up, at an issue price of ₹ 19 per share inclusive of premium of ₹ 9 per share in accordance with SEBI ICDR Regulations, 2009 allotted to secured lenders on conversion of secured debts of ₹ 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010.
- (c) 1,06,71,001 shares of ₹ 10 each fully paid up, at an issue price of ₹ 20 per share inclusive of premium of ₹ 10 per share in accordance with SEBI ICDR Regulations, 2009 allotted to ARCIL on conversion of secured debts of ₹ 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010.
- (d) 12,631 equity shares of ₹10 each fully paid up issued to Industrial Investment Bank of India, on preferential basis, at an issue price of ₹ 19 per share, which includes a premium of ₹9 per share by way of conversion of secured debt of ₹ 2.40 lac, at the meeting of the Shareholders' / Investor's Grievance Committee held on 27 April 2012.
- (e) 72,631 equity shares of ₹10 each fully paid up issued to United India Insurance Company Ltd., on preferential basis, at an issue price of ₹ 19 per share, which includes a premium of ₹9 per share by way of conversion of secured debt of ₹ 13.80 lac, at the meeting of the Shareholders' / Investor's Grievance Committee held on 9 November 2012.
- (f) 3,72,76,700 equity shares of ₹10 each fully paid up were issued to AMI Holdings Pvt Ltd, a company belonging to promoter group, on preferential basis, at an issue price of ₹ 17.50 per share, which included a premium of ₹7.50 per share by way of conversion of 3,72,76,700 warrants, at the meetings of Shareholders' / Investor's Grievance Committee held on 10 January 2013 and 13 March 2013.
- (g) 1,69,41,800 equity shares were issued against the Global Depository Receipts (GDRs) and is held by The Bank of New York, Mellon, as depository for the GDRs.

**Terms / rights attached to Equity Shares:**

The company has only one class of equity shares having a par value of ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**16 (iv): Terms / rights attached to Preference Shares**

In the event of non-declaration of dividend in respect of any financial year, arrears of dividend will be declared in the subsequent financial years subject to the provisions of the Companies Act, and / or any statutory modifications thereto, or re-enactments thereof as may be in force from time to time, prior to payment of dividend on equity shares.

## Note 17: Other Equity

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Capital Reserve	97.24	97.24	97.24
Capital Redemption Reserve	6500.00	6500.00	6500.00
Securities Premium Account	21047.71	21047.71	21047.71
Statutory Reserve	41.33	41.33	41.33
Foreign Currency translation reserve			
Opening balance	-	2844.67	
Less: Transferred to Profit and Loss on winding up of a subsidiary	-	(2844.67)	
Closing balance	-	-	2844.67
(Deficit) in Statement of Profit and Loss			
Opening balance	(18281.47)	(23989.02)	
Add: Profit for the year	4540.59	5718.60	
Add: Share of Joint Ventures transitional impact	-	(11.05)	
Closing balance	(13740.88)	(18281.47)	(23989.02)
-Fair valuation of equity instruments through other comprehensive income			
Opening balance	278.18	(8.13)	
Add: Effect of measuring investments at fair value	(55.06)	286.31	
Closing balance	223.12	278.18	(8.13)
-Actuarial movement through other comprehensive income	(47.14)	(78.07)	
- Share of Joint ventures	(39.95)	(36.47)	
<b>Total</b>	<b>14081.43</b>	<b>9568.45</b>	<b>6533.80</b>

### Capital Reserve and Statutory Reserve :

Capital Reserve of ₹97.24 lac and Statutory Reserve of ₹41.33 lac represents reserves transferred to the Company on merger of SPIC Holdings and investment Ltd (SHIL) with the Company during 2006-07.

### Capital Redemption Reserve

Capital redemption reserve has been created pursuant to the requirements of the Companies Act 2013, under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

### Securities Premium Account

Securities premium reserve represents the amount received as share premium 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 Act.

## Note 18: Non-current borrowings

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term loans			
From Related Parties (Refer Note 18 (i) below)	16275.00	3409.50	-
<b>Total</b>	<b>16275.00</b>	<b>3409.50</b>	<b>-</b>

**18 (i):** The Company has during November 2016 has issued unsecured Indian Rupee denominated bonds (Masala Bonds) of ₹6670 lac to AM International Holdings Pte Ltd, Singapore, which has been approved by the Board of Directors vide their meeting held on 20 September 2016. These bonds are repayable after three years and carry an interest of 9% which is payable at quarterly intervals falling due on 22 February, 22 May, 22 August and 22 November of each year.

Out of the total amount, the Company has utilised ₹16275 lac (Previous year : ₹3409.50 lac) as at the Balance Sheet date.

**Note 19: Other Financial Liabilities**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A Other financial liabilities non-current</b>			
Trade / security deposits received	2582.77	2292.79	2131.48
Liabilities for expenses	348.21	348.21	348.21
	<b>2930.98</b>	2641.00	2479.69
<b>B Other financial liabilities current</b>			
Interest accrued but not due on borrowings	101.70	52.10	106.32
Interest accrued and due on borrowings	34.48	72.76	259.40
Retention Money	51.94	56.26	33.67
Other payables			
- Trade / security deposits received	0.10	0.10	7.38
- Advances from customers and other parties	3765.55	414.49	1212.39
<b>Total</b>	<b>3953.77</b>	595.71	1619.16

**Note 20: Current borrowings**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Term loans (at amortised cost)			
From banks- Secured	1061.00	41314.39	-
From banks- Unsecured	2387.70	2481.00	-
Loans repayable on demand (at amortised cost)			
From other parties- Unsecured	1934.33	1934.33	11992.28
<b>Unsecured - at amortised cost</b>			
3,00,000 (2017: 3,00,000 and 2016: 3,00,000) 14.50% Redeemable cumulative non-convertible preference shares of ₹100 each (Refer Note 16(i) to 16(iv) and Notes below)	300.00	300.00	300.00
8,50,000 (2017: 8,50,000 and 2016: 8,50,000) 11.50% Redeemable cumulative non-convertible preference shares of ₹100 each (Refer Note 16(i) to 16(iv) and Notes below)	850.00	850.00	850.00
1,00,000 (2017:1,00,000 and 2016:1,00,000) 10.00% Redeemable cumulative non-convertible preference shares of ₹100 each (Refer Note 16(i) to 16(iv) and Notes below)	100.00	100.00	100.00
Interest accrued on cumulative preference shares	3370.67	3188.62	3006.58
<b>Total</b>	<b>10003.70</b>	50168.34	16248.86

**Notes**

- 14.50% Redeemable cumulative non-convertible preference shares of ₹300 lac issued on private placement basis, redeemable at par after the expiry of 60 months from the date (s) of allotment, have fallen due for redemption during the year 2001-02.
- 11.50% Redeemable cumulative non-convertible preference shares of ₹850 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2002-03.
- 10.00% Redeemable cumulative non-convertible preference shares of ₹100 lac issued on private placement basis, redeemable at par after the expiry of 36 months from the date (s) of allotment, have fallen due for redemption during the year 2003-04.

## Note 21: Trade payables

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade payables:</b>			
- Total outstanding dues to Micro Enterprises and Small Enterprises (Refer Note 21 (i) below)	-	4.48	0.10
- Total outstanding dues other than Micro Enterprises and Small Enterprises	<b>73906.37</b>	37027.36	114586.51
<b>Total</b>	<b>73906.37</b>	37031.84	114586.61

### 21 (i): Dues to Micro, Small and Medium Enterprises:

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. (₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	4.48	0.10
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-

### Note 22: Short-term provisions

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Provision for employee benefits:</b>			
- Provision for compensated absences	<b>322.46</b>	412.36	291.99
<b>Total</b>	<b>322.46</b>	412.36	291.99

### Note 23: Other current liabilities

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
MAT Payable (Refer Note 23(i) below)	<b>4476.06</b>	-	-
Other payables			
- Statutory remittances	<b>156.21</b>	333.07	429.52
- Gratuity payable	<b>220.69</b>	162.75	310.57
- Superannuation fund payable	<b>782.38</b>	300.33	406.90
<b>Total</b>	<b>5635.34</b>	796.15	1146.99

23(i): During the current year, the Company had received Order under Section 154 of the Income-tax Act 1961 for the financial year 2012-13, wherein demand of ₹ 8456.21 lac (including interest of ₹2214.59 lac), has been raised against the Company. The demand was arising out of the book profits for the financial year 2012-13. Since the Company has accumulated losses under normal provision of the Income Tax Act, 1961, liability is determined under section 115 JB, Minimum Alternate Tax (MAT) provisions. An asset has been recognised in the Balance Sheet for the tax liability of ₹6241.62 lac as it gives rise to future economic benefits in the form of tax credit against future income tax liability, as there is convincing evidence that the Company will utilise the asset to pay normal tax before the expiry of the period during which the credit is to be utilised. Interest liability of ₹2214.59 lac has been included in Finance Cost.



**Note 24: Revenue from operations**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	42947.93	39381.29
Less: Rebates and discounts	(2464.30)	(3026.50)
	40483.63	36354.79
Subsidy Income	157918.12	112622.18
Sales (Refer Note 24 (i) below)	198401.75	148976.97
Other operating revenues (Refer Note 24 (ii) below)	1044.05	1265.84
<b>Total</b>	<b>199445.80</b>	<b>150242.81</b>

**24 (i): Sales**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<u>Manufactured goods</u>		
Urea	35335.83	28483.62
Fertiliser and Transport Subsidy (Urea)	157918.12	112622.18
Others	1071.33	1156.43
<u>Traded goods</u>		
Imported Urea	4076.47	6714.74
<b>Total</b>	<b>198401.75</b>	<b>148976.97</b>

**24 (ii): Other Operating Revenues**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Facility Sharing Income	855.66	972.44
Sale of scrap	80.36	35.37
Despatch earnings	-	9.69
Others	108.03	248.34
<b>Total</b>	<b>1044.05</b>	<b>1265.84</b>

**Note 25: Other income**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest income (Refer Note 25 (i) below)	179.97	128.39
Dividend income from long-term investments	3.87	4.11
Liabilities / Provision no longer required written back	152.15	706.45
Rental Income	29.18	34.37
Profit on sale of assets	0.99	0.16
Insurance claim received	5.78	353.88
Others	120.21	151.73
<b>Total</b>	<b>492.15</b>	<b>1379.09</b>

**25 (i): Interest income**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest from banks deposits	72.33	18.49
Other interest	107.64	109.90
<b>Total</b>	<b>179.97</b>	<b>128.39</b>

**Note 26: Cost of materials consumed**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Opening stock	12609.44	4772.56
Add: Purchases	102169.76	88369.37
	114779.20	93141.93
Less: Closing stock	10254.38	12609.44
<b>Total</b>	<b>104524.82</b>	<b>80532.49</b>

**Note 27: Purchase of Stock-in-trade**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Imported urea	1637.45	3676.24
<b>Total</b>	<b>1637.45</b>	<b>3676.24</b>

**Note 28: Changes in inventories of finished goods, stock in trade and work-in-progress**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
<u>Inventories at the beginning of the year:</u>		
Finished goods	5540.69	593.11
Work-in-progress	219.39	62.09
Stock in trade	1558.19	1495.19
	7318.27	2150.39
<u>Inventories at the end of the year:</u>		
Finished goods	3801.02	5540.69
Work-in-progress	2005.15	219.39
Stock in trade	10.38	1558.19
	5816.55	7318.27
Net Decrease / (Increase)	1501.72	(5167.88)

**Note 29: Employee benefit expenses**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	4324.85	4300.09
Contributions to provident and other funds	479.90	491.10
Staff welfare expenses	476.08	473.74
<b>Total</b>	<b>5280.83</b>	<b>5264.93</b>

**Note 30: Finance costs**

(₹ in lac)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on:		
-MAT	2371.88	-
-Borrowings	1361.00	713.87
-Deposits	170.81	158.58
-Others	2.16	2.05
Other borrowing costs	182.04	182.04
<b>Total</b>	<b>4087.89</b>	<b>1056.54</b>

**Note 31: Other expenses**

(₹ in lac)

Particulars	Year ended	
	31 March 2018	31 March 2017
Consumption of stores and spare parts	1634.13	1852.72
Packing, transportation and handling	14192.17	12343.99
Increase of excise duty on inventory	10.78	-
Power and fuel	44744.81	35260.79
Water	9438.96	3250.37
Rent	593.34	700.16
Repairs to		
- Buildings	704.60	791.22
- Machinery	1248.25	1719.08
- Others	754.51	593.23
	2707.36	3103.53
Insurance	274.94	217.00
Rates and taxes	114.27	100.85
Port handling charges	363.92	976.75
Travelling and conveyance	600.37	531.38
Marketing service charges	-	13.03
Sales promotion expenses	5.22	6.35
Professional fees	201.42	454.61
Payment to auditors (Refer Note 31 (i) below)	19.39	30.99
Bad trade and other receivables, loans and advances written off	-	2093.77
Less: Transfer from Provision	-	2093.77
	-	-
Loss on sale of assets	-	0.06
Assets written off	65.01	189.65
Provision for Impairment of Investments		
Investments Written off	-	18453.62
Less: Transfer from Provision	-	18453.62
Net (gain) / loss on foreign currency transactions and translation	(594.53)	323.91
Provision for doubtful trade and other receivables, loans and advances (net)	0.41	0.39
Director's sitting fees	14.45	20.10
Miscellaneous expenses	944.50	823.90
<b>Total</b>	<b>75330.92</b>	<b>60200.53</b>

**31 (i): Payment to Auditors**

(₹ in lac)

Particulars	Year ended	
	31 March 2018	31 March 2017
Payments to the auditors comprises (net of service tax input credit, where applicable):		
- As auditors - statutory audit	15.00	20.00
- For other services	4.15	10.00
- Reimbursement of expenses	0.24	0.99
<b>Total</b>	<b>19.39</b>	<b>30.99</b>

**Note 32: Exceptional items**

(₹ in lac)

Particulars	Year ended	
	31 March 2018	31 March 2017
Profit on sale of Land	244.53	-
Transfer to statement of Profit and Loss on winding up of a Subsidiary	-	2855.71
<b>Total</b>	<b>244.53</b>	<b>2855.71</b>

## Note 33: Plant Operation

- (i) During the year the Company achieved a production of 6.588 lac MT against the maximum permissible production of 6.20 lac MT after getting Special permission from Department of Fertilizer. The Company, as handling agent of Government of India for marketing urea within the country, had handled 0.508 lac MT of urea and sold 0.792 lac MT.
- (ii) Government of India vide its notification dated 17 June 2015 had permitted the Company to produce Urea using Naphtha as feedstock on existing provisions till assured supply of gas is made available. Subsidy would be paid based on the Retention Price computed on the lower of naphtha or RLNG price.
- (iii) Subsidy for the period 1 April 2017 to 31 March 2018 of ₹147300.21 lac has been accounted based on the provisional Retention Price (RP) computed in line with the Government's policy indicated in the notification dated 17 June 2015, as the final retention price has not been announced by the Department of Fertilizers. The necessary adjustments, if any, will be made when the final retention price is notified by the Department of Fertilizers.

## Note 34: Commitments

### Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 2754.84 lac (Previous year ₹1858.88 lac).

## Note 35: Contingent Liabilities

### (a) Claims not acknowledged as debts

- (i) The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded ₹16873.97 lac (Previous year ₹16873.97 lac) towards lease rent for the utilization of 415.19 acres of sand quarry poramboke lands by the Company for its effluent treatment and storage of Gypsum for the period from 1975 to 2008. While raising this demand, the District Collector had ignored the proposal submitted by the Company during 1975 to the State Government seeking assignment of the said land which is still pending. The Company had filed a writ petition challenging the demand before the Hon'ble Madras High Court and the court granted interim stay vide its order dated 21 April 2010 on further proceedings. During November 2010 the District Collector, Tuticorin has filed a counter before Hon'ble Madras High Court praying for the vacation of interim stay and the case is still pending.
  - (ii) Tamilnadu Water Supply And Drainage Board (TWAD) has claimed payments for the period during which the Nitrogenous plants were not in operation, on the basis of 50% allotted quantity of water. The Company alongwith other beneficiaries has been enjoying this facility since inception of the 20 MGD Scheme for the last 42 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims including interest made by TWAD for 2867.67 lac (Previous year ₹ 2795.28 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2018 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.
  - (iii) The Company has received a demand from VOC Port Trust towards increase in rental charges from 1 July 2007 onwards. The amount payable as on 31.03.2018 is ₹870.80 lac (from 01.07.2007 to 31.03.2018) (Previous year ₹ 766.77 lac). The Company obtained an injunction from the Madurai Bench of the Hon'ble Madras High Court against the claim made by the VOCPT and the stay has been granted till 10 June 2015. On 23.07.2015, Madurai Bench of the Hon'ble Madras High Court extended the stay until further orders.
- (b) Other Bank Guarantees outstanding ₹ 31.78 lac (Previous year ₹ 31.78 lac)
- (c) No provision has been considered necessary by the Management for the following disputed Excise duty, Service tax, Sales Tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.

(₹ in lac)

Name of the Statute	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
The Central Excise Act, 1944	<b>321.06</b>	336.30	537.01
The Finance Act, 1994 ( Service Tax)	<b>164.97</b>	226.61	234.78
Sales Tax Act under various State enactments	<b>741.88</b>	1553.90	3904.82
The Tamilnadu Electricity (Taxation on Consumption) Act, 1962	<b>1050.54</b>	1050.54	1050.54
Employees State Insurance Act, 1948*	<b>13083.67</b>	13083.67	12604.60
<b>Total</b>	<b>15362.12</b>	16251.02	18331.75

\*Includes disputes relating to the period 1977 to 1992 decided by the ESI Court in favour of the Company against which the Employees State Insurance Corporation has gone on an appeal before the Hon'ble Madras High Court.

Out of the above demand of ₹15362.12 lac (Previous year ₹ 16251.02 lac), an amount of ₹ 1166.45 lac (Previous year ₹ 1166.45 lac) has been deposited under protest/adjusted by relevant authorities.

With respect to a Jointly Controlled entity:

(₹ in lac)

S No.	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
1	Sales tax	293.10	293.10	293.10
2	Excise Duty	52.94	44.12	43.90
3	Service tax	70.41	90.77	57.40
4	Income tax	404.63	184.48	913.15
5	Electricity tax	178.60	178.60	178.60
6	Cross Subsidy Charge under Group Captive Scheme (Refer Note below)	1037.89	-	-

Tamilnadu Petroproducts Limited (TPL) has invested in various power generating companies under Group Captive Schemes governed by individual power purchase agreements with the private power producers. As per the covenants of the Group Captive Scheme introduced by Government of India, Ministry of Power in exercise of its power under Section 176 of the Electricity Act, 2003, captive users are required to hold collectively not less than 26% of the share capital in the generating units and consume not less than 51% of the power generated on an annual basis. Non compliance with either of the conditions above shall attract cross subsidy charges at applicable rates for power consumed from various class of power sources. TPL has received a demand from Tamil Nadu Electricity Board (TNEB) for ₹ 6130.48 lac (SPIC share ₹ 1037.89 lac) in respect of power purchased by TPL under Group Captive Scheme during the years 2014-15 to 2016-17, alleging non compliance with covenants during the entire period mentioned above, even though such non compliance was for a limited period in 2015-16 due to disrupted operations during December 2015 floods. As per management estimates no liability is likely to accrue to the company in this regard as a writ petition has been filed by the private power producers before the Honourable High Court of Madras, challenging levy of cross subsidy, which is expected to be disposed off in favour of the power producers. TPL does not expect any reimbursement in respect of above contingent liabilities.

**Note 36: Employee benefits**

(₹ in lac)

S. No	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(A)	<b>Defined Contribution Plans</b> During the year, the Company has recognized the following amounts in the Statement of Profit and Loss- Employers' Contribution to Provident Fund and Superannuation.	372.55	375.60
(B)	<b>Defined benefit plans</b>		
	a) Gratuity payable to employees	107.36	193.56
	b) Compensated absences for Employees	62.51	163.42
i)	<b>Actuarial assumptions</b>		
	Discount rate (per annum)	7.70%	7.40%
	Rate of increase in Salary	7.00%	7.00%
	Expected average remaining working lives of employees (years)	13.10	11.20
	Attrition rate	3%	4%
ii)	<b>Changes in the present value of defined benefit obligation</b>	<b>Employee's gratuity fund</b>	
	<b>Present value of obligation at the beginning of the year</b>	1542.78	1538.46
	Interest cost	106.37	110.70
	Current service cost	87.37	82.22
	Benefits paid	(210.55)	(274.42)
	Actuarial (gain)/ loss on obligations	(31.48)	85.82
	<b>Present value of obligation at the end of the year</b>	<b>1494.49</b>	<b>1542.78</b>

**Note 36: Employee benefits continued...**

(₹ in lac)

S. No	Particulars	Year ended 31 March 2018	Year ended 31 March 2017
iii)	<b>Expense recognized in the Statement of Profit and Loss</b>	<b>Employee's gratuity fund</b>	
	Current service cost	87.37	82.22
	Interest cost	11.67	11.89
	<b>Total expenses recognized in the Statement Profit and Loss*</b>	<b>99.04</b>	<b>94.11</b>
	*Included in Employee benefits expense (Refer Note 29). Actuarial gain/(loss) of ₹30.93 lac (31 March 2017: ₹ (78.06) lac) is included in other comprehensive income.		
iv)	<b>Assets and liabilities recognized in the Balance Sheet:</b>	<b>Employee's gratuity fund</b>	
	Present value of funded obligation as at the end of the year	1494.49	1542.78
	Unrecognized actuarial (gains)/losses		
	<b>Funded net asset / (liability) recognized in Balance Sheet</b>	<b>1494.49</b>	<b>1542.78</b>
v)	<b>Expected contribution to the fund in the next year</b>		
	Gratuity	-	-
vi)	<b>A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 are as shown below:</b>	<b>Employee's gratuity fund</b>	
	Impact on defined benefit obligation		
	Discount rate		
	0.5% increase	1447.57	1498.26
	0.5% decrease	1544.61	1590.13
	Rate of increase in salary		
	0.5% increase	1545.67	1591.23
0.5% decrease	1446.14	1496.81	
vii)	<b>Expected Benefit Payments in following years</b>	<b>Employee's gratuity fund</b>	
	Year 1	121.04	104.91
	Year 2	371.20	474.17
	Year 3	197.72	169.87
	Year 4	165.95	188.64
	Year 5	165.12	155.46
	Next 5 Years	544.22	553.83

**Note 37: Income Tax**
**(A) Deferred tax relates to the following:**

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred tax assets</b>			
On provision for doubtful debts/advances	9.24	9.10	8.97
On provision for Employee benefits	315.91	226.79	100.73
On Unabsorbed depreciation	4568.02	4568.02	4568.02
On Accumulated business losses	-	430.62	536.61
On fair valuation of investments	-	-	2.03
	<b>4893.17</b>	<b>5234.53</b>	<b>5216.36</b>
<b>Deferred tax liabilities</b>			
On property, plant and equipment	1237.11	1578.48	1558.27
On fair valuation of investments	55.78	69.54	-
	<b>1292.89</b>	<b>1648.02</b>	<b>1558.27</b>
MAT Credit Entitlement	6604.50	-	-
<b>Deferred tax asset (net)</b>	<b>10204.78</b>	<b>3586.51</b>	<b>3658.09</b>

**Note 37: Income Tax continued...**
**(B) Unrecognized deductible temporary differences, unused tax losses and unused tax credits**

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

Particulars	(₹ in lac)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
De-escalation of subsidy	-	7303.25	8598.00
Business Losses	<b>295.45</b>	7225.43	-
Capital Losses	<b>9458.61</b>	9721.03	9721.03

**Note 38: Segment Reporting**

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

- (i) Agro inputs - Urea Operations
- (ii) Others - Agri business (Tissue Culture)

The following is an analysis of the Company's revenue and results from operations by reportable segments: (₹ in lac)

Particulars	Segment Revenue		Segment Profit	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Agro Inputs (Urea Operations)	<b>199117.88</b>	150089.97	<b>9718.02</b>	5423.35
Others (Agri business)	<b>739.77</b>	762.76	<b>(249.54)</b>	(49.93)
Unallocated income	<b>80.30</b>	769.17	-	-
<b>Total</b>	<b>199937.95</b>	151621.90	<b>9468.48</b>	5373.42
Exceptional Income			<b>244.53</b>	2855.71
Other Net Unallocable (Expenses)			<b>(1902.57)</b>	(1681.55)
Finance Cost			<b>(4087.89)</b>	(1056.54)
Share of profit in joint ventures			<b>818.04</b>	227.56
<b>Profit for the year</b>			<b>4540.59</b>	5718.60

**Segment Assets and Liabilities:**

(₹ in lac)

Particulars	(₹ in lac)		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Segment Assets</b>			
Agro inputs (Urea Operations)	<b>106020.16</b>	105959.84	147077.33
Others (Agri business)	<b>1906.32</b>	2070.16	2053.26
Unallocable Assets	<b>39546.60</b>	16957.38	14140.55
<b>Total Assets</b>	<b>147473.08</b>	124987.38	163271.14
<b>Segment Liabilities</b>			
Agro inputs (Urea Operations)	<b>77426.39</b>	80598.99	117446.87
Others (Agri business)	<b>228.18</b>	206.25	168.61
Unallocable Liabilities	<b>35373.05</b>	14249.66	18757.83
<b>Total Liabilities</b>	<b>113027.62</b>	95054.90	136373.31

## Note 38: Segment Reporting continued...

Other Segment Information:

(₹ in lac)

Particulars	Depreciation and Amortisation		Capital Expenditure	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Agro Inputs (Urea Operations)	3929.36	2997.40	3639.95	2570.12
Others (Agri business)	46.38	46.17	9.28	5.00
Unallocable	35.55	39.59	82.67	5.02
<b>Total</b>	<b>4011.29</b>	<b>3083.16</b>	<b>3731.90</b>	<b>2580.14</b>

For the purpose of monitoring segment performance and allocating resources between segments:

- All Assets are allocated to reportable segments other than Investments, cash and cash equivalents and derivative contracts.
- All liabilities are allocated to reportable segments other than borrowings, current and deferred tax liabilities.

## Note 39 (i): Related party disclosures for the year ended 31 March 2018

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

Nature		Parties
Associates	1	Tuticorin Alkali Chemicals and Fertilizers Limited
	2	Gold Nest Trading Company Limited
	3	Greenam Energy Private Limited
Joint ventures	1	Tamilnadu Petroproducts Limited
	2	National Aromatics and Petrochemicals Corporation Limited
Key management personnel of the Company	1	Thiru Ashwin C Muthiah
	2	Thiru S R Ramakrishnan
Enterprises owned by / over which Key Management Personnel is able to exercise significant influence	1	Wilson International Trading Pte Ltd, Singapore
	2	Wilson International Trading (India) Private Limited
	3	Manali Petrochemicals Limited
	4	Greenstar Fertilizers Limited
	5	Sicagen India Limited
	6	SPIC Officers and Staff Welfare Foundation
	7	South India Travels Private Limited
	8	Lotus Fertilizers Private Limited
	9	EDAC Engineering Limited
	10	EDAC Staffing Solution Private Limited
	11	EDAC Automation Limited
	12	Totalcomm Infra Services Private Limited
	13	AM Foundation
	14	SPIC Group Companies Employees Welfare Foundation
	15	AM International Holdings Pte Ltd, Singapore
	16	Firstgen Distribution Private Limited
	17	AMI Holdings Private Limited
	18	Twinshield Consultants Private Limited



**Note 39 (ii): The following transactions were carried out with the related parties**

(₹ in lac)

S. NO.	Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>A</b>	<b>BALANCE OUTSTANDING:</b>			
	<b>(a) Receivables including Advances</b>			
	Tuticorin Alkali Chemicals and Fertilizers Limited	2536.54	2402.73	2746.85
	Tamilnadu Petroproducts Limited	2.22	1.46	0.94
	National Aromatics and Petrochemicals Corporation Limited *	1488.16	1487.75	1487.36
	Greenstar Fertilizers Limited	2536.69	3487.55	8.71
	Wilson International Trading (India) Private Limited	0.05	0.04	0.03
	Manali Petrochemicals Limited	0.37	0.55	0.30
	EDAC Engineering Limited	21.31	19.40	24.99
	EDAC Automation Limited	0.29	0.94	0.20
	Totalcomm Infra Services Private Limited	1.44	0.65	0.24
	Twinshield Consultants Private Limited	36.45	36.45	36.45
	Lotus Fertilizers Private Limited	8.93	78.56	135.02
	Sicagen India Limited	0.53	-	-
	Wilson International Trading Pte. Ltd, Singapore	1.12	-	-
	AM Foundation	0.00	-	-
	<b>(b) Payables</b>			
	Greenstar Fertilizers Limited	5795.64	2873.53	1274.37
	Tamilnadu Petroproducts Limited	1.12	2.86	-
	Sicagen India Limited	112.72	126.40	8.43
	Wilson International Trading Pte. Ltd, Singapore	35064.11	13255.30	2113.80
	EDAC Engineering Limited	35.90	0.04	4.01
	EDAC Automation Limited	12.53	2.49	16.46
	EDAC Staffing Solution Private Limited	0.51	0.43	0.46
	Tuticorin Alkali Chemicals and Fertilizers Limited	264.10	1.01	-
	Lotus Fertilizers Private Limited	1805.55	3761.87	-
	AM International Holdings Pte Ltd, Singapore	16382.23	3513.79	-
	South India Travels Private Limited	2.82	3.44	-
	<b>(c) Share Capital including Securities premium</b>			
	AMI Holdings Private Limited	6523.42	6523.42	6523.42
	<b>(d) Cash collateral provided against bank borrowings</b>			
	AM International Holdings Pte Ltd, Singapore (in USD)	37.50	37.50	-

\* Dues have been fully provided for

**Note 39 (ii): Related party disclosures continued...**

(₹ in lac)

S. NO.	Particulars	For the year 2017-18	For the year 2016-17
<b>B</b>	<b>TRANSACTIONS DURING THE YEAR</b>		
<b>1</b>	<b>Sale of goods</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	127.27	296.11
	Greenstar Fertilizers Limited	70.15	169.71
	Lotus Fertilizers Private Limited	226.70	144.98
<b>2</b>	<b>Purchase of materials</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	288.11	2.36
	Greenstar Fertilizers Limited	5262.57	2048.58
	Tamilnadu Petroproducts Limited	85.75	38.82
	Wilson International Trading Pte Ltd, Singapore	34986.48	21454.96
	Sicagen India Limited	437.85	219.99
	Lotus Fertilizers Private Limited	1593.68	3761.87
	Firstgen Distribution Private Limited	-	10.36
<b>3</b>	<b>Reimbursement of Expenses (Receipts)</b>		
	Tuticorin Alkali Chemicals and Fertilizers Limited	-	7.46
	Greenstar Fertilizers Limited	117.43	6.43
	Sicagen India Limited	-	180.00
	National Aromatics and Petrochemicals Corporation Limited	0.41	0.39
	EDAC Staffing Solution Private Limited	0.02	0.06
	Totalcomm Infra Services Private Limited	0.18	0.27
	AM Foundation	2.43	0.35
	SPIC Officers and Staff Welfare Foundation	0.54	1.68
	SPIC Group Companies Employees Welfare Foundation	0.52	4.68
	Wilson International Trading Pte. Ltd, Singapore	1.12	-
<b>4</b>	<b>Reimbursement of Expenses (Payments)</b>		
	Sicagen India Limited	4.82	3.78
	Greenstar Fertilizers Limited	1.15	-
<b>5</b>	<b>Income from services rendered</b>		
	AM Foundation	0.02	-
	Manali Petrochemicals Limited	4.17	3.78
	Tamilnadu Petroproducts Limited	0.65	0.61
	Tuticorin Alkali Chemicals and Fertilizers Limited	9.00	8.01
	Greenstar Fertilizers Limited	1080.31	1106.36
	Wilson International Trading (India) Private Limited	0.49	0.48
	Sicagen India Limited	2.12	2.07
	EDAC Engineering Limited	12.32	11.84
	EDAC Automation Limited	0.80	1.02
	EDAC Staffing Solution Private Limited	0.11	0.41
	Totalcomm Infra Services Private Limited	0.61	0.63
<b>6</b>	<b>Services / Consultancy Charges</b>		
	Greenstar Fertilizers Limited	202.49	178.66
	Tamilnadu Petroproducts Limited	-	0.11
	EDAC Automation Limited	212.73	224.42
	Sicagen India Limited	59.31	116.68
	EDAC Engineering Limited	49.31	-
<b>7</b>	<b>Income from Rentals</b>		
	Greenstar Fertilizers Limited	24.48	23.99
<b>8</b>	<b>Dividend Income</b>		
	Manali Petrochemicals Limited	0.05	0.05
	Sicagen India Limited	3.47	3.47
<b>9</b>	<b>Managerial Remuneration</b>		
	Thiru S R Ramakrishnan	75.11	58.80
<b>10</b>	<b>Water charges prepaid</b>		
	Greenstar Fertilizers Limited	1129.07	-

**Note 39 (ii): Related party disclosures continued...**

(₹ in lac)

S. NO.	Particulars	For the year 2017-18	For the year 2016-17
11	<b>Rent Paid</b> Greenstar Fertilizers Limited	1924.09	2422.93
12	<b>Director Sitting Fees</b> Thiru Ashwin C Muthiah	2.00	2.50
13	<b>Trade Advance Received / Returned</b> Greenstar Fertilizers Limited	1350.00	1370.00
	Tuticorin Alkali Chemicals and Fertilizers Limited	-	648.00
14	<b>Trade Advance Paid / Returned</b> Greenstar Fertilizers Limited	1365.13	500.00
	Wilson International Trading (India) Private Limited	-	34.00
15	<b>Material Purchase Adv</b> Greenstar Fertilizers Limited	979.26	-
16	<b>Interest on Borrowings / Paid</b> AM International Holdings Pte Ltd, Singapore	886.18	109.96
17	<b>Borrowings</b> AM International Holdings Pte Ltd, Singapore	16275.00	3409.50
18	<b>Demurrage Charges</b> Wilson International Trading Pte. Ltd, Singapore	186.19	587.25
19	<b>FSA - Adv</b> Greenstar Fertilizers Limited	907.41	-
20	<b>Car Rental Charges</b> South India Travels Private Limited	42.77	38.44
21	<b>Deposit given / received for directors appointment</b> Manali Petrochemicals Limited	1.00	-
22	<b>Purchase of Intangible Asset-Software</b> Sicagen India Limited	14.16	-
23	<b>Investment in Equity</b> Greenam Energy Private Limited	0.00	-
24	<b>Cash collateral provided against bank borrowings</b> AM International Holdings Pte Ltd, Singapore (in USD)	-	37.50

**Note 40: Additional information required under Schedule III of the Companies Act, 2013**

A Information regarding subsidiaries, associates and joint ventures included in the Consolidated Financial Statements for the year ended 31 March 2018 (₹ in lac)

	Net Assets i.e. total Assets minus total liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit / (Loss)	Amount	As % of Other Comprehensive Income	Amount	As % of Comprehensive Income	Amount
<b>Parent</b> Southern Petrochemical Industries Corporation Limited	82.22	28319.74	81.98	3722.55	116.83	(24.13)	81.82	3698.42
<b>Joint Ventures</b> Tamilnadu Petroproducts Limited	17.78	6125.72	18.02	818.04	(16.83)	3.48	18.18	821.52
<b>Total</b>	<b>100.00</b>	<b>34445.46</b>	<b>100.00</b>	<b>4540.59</b>	<b>100.00</b>	<b>(20.65)</b>	<b>100.00</b>	<b>4519.94</b>

## Note 41: Earnings Per Equity Share

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Face Value per share (In Rupees)	10	10
Profit for the year (Rupees in lac)	4519.94	5963.32
<b>Basic</b>		
Weighted Average Number of shares outstanding	203640336	203640336
Earnings per share (In Rupees)	2.22	2.93
<b>Diluted</b>		
Weighted Average Number of shares outstanding	203640336	203640336
Earnings per share (In Rupees)	2.22	2.93

## Note 42: Financial Instruments

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

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: (₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
a) Total Equity	34445.46	29932.48	26897.83
b) Non-Convertible preference share	1250.00	1250.00	1250.00
c) Borrowings other than non-convertible preference shares	25028.70	52327.84	14998.86
d) Less: Cash and cash equivalents	(758.66)	(749.32)	(1570.71)
<b>e) Total debt(b+c-d)</b>	<b>25520.05</b>	52828.52	14678.15
<b>f) Overall financing(a+e)</b>	<b>59965.51</b>	82761.00	41575.98
g) Net debt to capital ratio (e/f)	0.43	0.64	0.35
h) Interest coverage ratio	1.86	3.52	3.05

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 31 March 2018 and 31 March 2017.

#### 42.2: Categories of Financial instruments

(₹ in lac)

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Financial Assets</b>			
<b>Measured at FVTOCI</b>			
a) Investments	<b>1203.66</b>	1272.49	914.60
<b>Measured at amortised cost</b>			
b) Trade receivables	<b>4745.27</b>	9155.95	6278.45
c) Cash and cash equivalents	<b>334.01</b>	358.45	1133.46
d) Bank balances other than (c) above	<b>424.65</b>	390.87	437.25
e) Other Financial Assets - Current Asset	<b>52729.46</b>	34798.85	76571.10
f) Other Financial Assets - Non Current Asset	<b>199.49</b>	12649.68	25139.62
<b>Financial Liabilities</b>			
<b>Measured at amortised cost</b>			
a) Borrowings - Current Liabilities	<b>10003.70</b>	50168.34	16248.86
b) Borrowings - Non Current Liabilities	<b>16275.00</b>	3409.50	-
c) Trade payables	<b>73906.37</b>	37031.84	114586.61
d) Other financial liabilities - Current Liabilities	<b>3953.77</b>	595.71	1619.16
e) Other Financial Liabilities - Non Current Liabilities	<b>2930.98</b>	2641.00	2479.69

#### 42.3: 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 Risk

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. Credit risk from balances with banks, borrowings from related parties is managed by the Company 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 bank. The Company does not maintain any 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 damage to the company's reputation.

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

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>31 March 2018</b>					
Short term borrowings	4322.03	-	-	-	4322.03
Long-term borrowings	-	-	16275.00	-	16275.00
Trade payables	-	73906.37	-	-	73906.37
Other financial liability	-	6884.75	-	-	6884.75
	4322.03	80791.12	16275.00	-	101388.15
<b>31 March 2017</b>					
Short term borrowings	43795.39	1934.33	-	-	45729.72
Long-term borrowings	-	-	3409.50	-	3409.50
Trade payables	-	37031.84	-	-	37031.84
Other financial liability	-	3236.71	-	-	3236.71
	43795.39	42202.88	3409.50	-	89407.77
<b>1 April 2016</b>					
Short term borrowings	-	16248.86	-	-	16248.86
Long-term borrowings	-	-	-	-	-
Trade payables	-	114586.61	-	-	114586.61
Other financial liability	-	4098.85	-	-	4098.85
	-	134934.32	-	-	134934.32

### 3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and Interest rates 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).

- a. 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:

(In Million USD)

Particulars	Liabilities		
	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade Payables</b>			
a) Amount due on account of goods supplied	74.06	32.96	123.00
b) Amount due to others			
<b>Trade Receivables</b>			
Considered Good	-	-	-
Cash and Cash Equivalents	-	-	-

b Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

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
₹/USD - increase by 2 USD	<b>1091.31</b>	<b>1091.31</b>	659.23	659.23	2459.92	2459.92
₹/USD - decrease by 2 USD	<b>(1091.31)</b>	<b>(1091.31)</b>	(659.23)	(659.23)	(2459.92)	(2459.92)

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.

6. Commodity Price Risk:

The Company's operating activities requires the ongoing purchase of Naphtha and Furnace Oil. Naphtha and Furnace Oil being an international commodity, is subject to price fluctuations on account of the change in the crude oil prices, demand and supply pattern of Naphtha and Furnace Oil. The company is generally not affected by the price volatility of Naphtha and Furnace Oil as per the Urea pricing policy.

### 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

(₹ in lac)

As at 31 March, 2018		Carrying Amount			Fair Value				
Particulars	Note	Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>									
Financial Assets measured at fair value	8	-	1203.66	-	1203.66	1203.66	-	-	1203.66
Investments									
Financial Assets not measured at fair value (disclosure of fair value required)									
Trade Receivables	12	4,745.27	-	-	4745.27	-	4745.27	-	4745.27
Cash and Cash Equivalents	13	334.01	-	-	334.01	-	334.01	-	334.01
Other Bank balances	13	424.65	-	-	424.65	-	424.65	-	424.65
Other financial assets	9	52928.95	-	-	52928.95	-	52928.95	-	52928.95
<b>Total</b>		<b>58432.88</b>	<b>1203.66</b>	<b>-</b>	<b>59636.54</b>	<b>1203.66</b>	<b>58432.88</b>	<b>-</b>	<b>59636.54</b>
<b>Liabilities</b>									
Financial Liabilities not measured at fair value									
Non Current Borrowings	18	-	-	16275.00	16275	-	16275.00	-	16275.00
Current Borrowings	20	-	-	10003.69	10003.69	-	10003.69	-	10003.69
Trade payables	21	-	-	73906.37	73906.37	-	73906.37	-	73906.37
Other financial liabilities	19	-	-	6884.75	6884.75	-	6884.75	-	6884.75
<b>Total</b>		<b>-</b>	<b>-</b>	<b>107069.81</b>	<b>107069.81</b>	<b>-</b>	<b>107069.81</b>	<b>-</b>	<b>107069.81</b>



As at 31 March, 2017		Carrying Amount				Fair Value			(₹ in lac)
Particulars	Note	Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	Level 3	Total
<b>Assets</b>									
<b>Financial Assets measured at fair value</b>									
Investments	8	-	1272.49	-	1272.49	1272.49	-	-	1272.49
<b>Financial Assets not measured at fair value (disclosure of fair value required)</b>									
Trade Receivables	12	9155.95	-	-	9155.95	-	9155.95	-	9155.95
Cash and Cash Equivalents	13	358.45	-	-	358.45	-	358.45	-	358.45
Other Bank balances	13	390.87	-	-	390.87	-	390.87	-	390.87
Other financial assets	9	47448.53	-	-	47448.53	-	47448.53	-	47448.53
<b>Total</b>		<b>57353.80</b>	<b>1272.49</b>	<b>-</b>	<b>58626.29</b>	<b>1272.49</b>	<b>57353.80</b>	<b>-</b>	<b>58626.29</b>
<b>Liabilities</b>									
<b>Financial Liabilities not measured at fair value</b>									
Non Current Borrowings	18	-	-	3409.50	3409.50	-	3409.50	-	3409.50
Current Borrowings	20	-	-	50168.34	50168.34	-	50168.34	-	50168.34
Trade payables	21	-	-	37031.84	37031.84	-	37031.84	-	37031.84
Other financial liabilities	19	-	-	3236.71	3236.71	-	3236.71	-	3236.71
<b>Total</b>		<b>-</b>	<b>-</b>	<b>93846.39</b>	<b>93846.39</b>	<b>-</b>	<b>93846.39</b>	<b>-</b>	<b>93846.39</b>

As at 1 April, 2016	Particulars	Note	Carrying Amount			Fair Value			Total
			Financial Assets at amortised cost	Financial Assets at FVTOCI	Other Financial liabilities at amortised cost	Total carrying value	Level 1	Level 2	
	<b>Assets</b>								
	<b>Financial Assets measured at fair value</b>								
	Investments	8	-	914.60	-	914.60	-	-	914.60
	<b>Financial Assets not measured at fair value (disclosure of fair value required)</b>								
	Trade Receivables	12	6278.45	-	-	6278.45	6278.45	-	6278.45
	Cash and Cash Equivalents	13	1133.46	-	-	1133.46	1133.46	-	1133.46
	Other Bank balances	13	437.25	-	-	437.25	437.25	-	437.25
	Other financial assets	9	101710.72	-	-	101710.72	101710.72	-	101710.72
	<b>Total</b>		<b>109559.88</b>	<b>914.60</b>	<b>-</b>	<b>110474.48</b>	<b>109559.88</b>	<b>-</b>	<b>110474.48</b>
	<b>Liabilities</b>								
	<b>Financial Liabilities not measured at fair value</b>								
	Non Current Borrowings	18	-	-	-	-	-	-	-
	Current Borrowings	20	-	16248.86	-	16248.86	16248.86	-	16248.86
	Trade payables	21	-	114586.61	-	114586.61	114586.61	-	114586.61
	Other financial liabilities	19	-	4098.85	-	4098.85	4098.85	-	4098.85
	<b>Total</b>		<b>-</b>	<b>134934.32</b>	<b>-</b>	<b>134934.32</b>	<b>134934.32</b>	<b>-</b>	<b>134934.32</b>

**Note 43.**

- (a) Previous year figures have been regrouped/ reclassified wherever necessary to conform presentation as required by Schedule III of the Act.
- (b) Previous year figures are given in brackets.

(c) The Board of Directors has reviewed the realizable value of all current assets of the Company and has confirmed that all the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. Further, the board, duly taking into account all relevant disclosures made, has approved these financial statements for the year ended 31 March 2018 in its meeting held on 17 May 2018.

**ATTACHMENT TO THE FINANCIAL STATEMENTS**

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts), Rules, 2014)

**Associates and Joint Ventures**

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

Name of Associates / Joint Ventures	Tuticorin Alkali Chemicals and Fertilisers Limited	Gold Nest Trading Company Limited	Greenam Energy Private Limited	National Aromatics and Petrochemicals Corporation Limited	Tamilnadu Petroproducts Limited
<b>1. Latest audited Balance Sheet Date</b>	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18
<b>2. Shares of Associate / Joint Ventures held by the company on the year end</b>					
No. of Shares	6680113	249000	2	25000	15234375
Amount of Investment in Associates / Joint Venture (₹)	193566946	25024500	20	250000	198046875
Extent of Holding (%)	45.15%	32.76%	20.00%	50.00%	16.93%
<b>3. Description of how there is significant influence</b>	Control of over 20%	Control of over 20%	Control of 20%	Control of 50%	Control of Business decisions under Joint Venture Agreement
<b>4. Reason why the Associate/ Joint venture is not consolidated</b>	Not considered for consolidation, since carrying amount is Nil, as per Ind AS 28	Not considered for consolidation, since carrying amount is Nil, as per Ind AS 28	Yet to Commence Operations	Yet to Commence Operations	Not Applicable
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in lac)</b>	(11004.55)	(339.63)	(0.28)	1435.95	6125.71
<b>6 Profit / (Loss) for the year</b>					
i. Considered in Consolidation	-	-	-	-	814.56
ii. Not Considered in Consolidation (₹ in lac)	(2038.25)	63.83	(0.28)	-	-

Names of Associates or Joint Ventures which are yet to commence operations - National Aromatics and Petrochemicals Corporation Limited (Joint Venture) & Greenam Energy Private Limited (Associate).

For and on behalf of the Board of Directors

**ASHWIN C MUTHIAH**

Chairman

DIN:00255679

**SASHIKALA SRIKANTH**

Director

DIN: 01678374

**S R RAMAKRISHNAN**

Whole -Time Director

DIN:00120126

**K R ANANDAN**

Chief Financial Officer

**M B GANESH**

Secretary

Place : Chennai

Date : 17 May 2018



**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

"SPIC House" No 88, Mount Road, Guindy, Chennai 600 032.

CIN: L11101TN1969PLC005778

**PROXY FORM**

Name of the Member (s)	
Registered Address	
E-mail Id	
Folio No / DP ID- Client ID	

I / we being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

- Name : ..... Address : .....  
E-mail Id : ..... Signature : ....., or failing him
- Name : ..... Address : .....  
E-mail Id : ..... Signature : ....., or failing him
- Name : ..... Address : .....  
E-mail Id : ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 47th Annual General Meeting of the Company, to be held on Tuesday, the 7th day of August 2018 at 2.30 P.M. at Rajah Annamalai Mandram, Chennai and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No	Resolution / Subject	For	Against
1	To consider and adopt a. The audited financial statement of the Company for the financial year ended 31st March 2018 and the Reports of the Board of Directors and Auditors thereon. b. The audited consolidated financial statement of the Company for the financial year ended 31st March 2018		
2	Appointment of Mr S R Ramakrishnan, as Director of the Company.		
3	Appointment of Mr T K Arun as Director of the Company.		
4	Appointment of Mr S Radhakrishnan as an Independent Director of the Company.		
5	Appointment of Mr S Visakan, IAS, as Nominee Director representing TIDCO.		
6	Ratification of appointment of Thiru T R Tantri pursuant to Section 148 of the Companies Act, 2013 as Cost Auditor of the Company on a remuneration of ₹ 1,00,000/-		
7	To approve the transactions entered into by the Company with a related party during the year 2017-18 considered material as per Regulation 23 of the Listing Regulations.		
8	To invest in M/s Tuticorin Alkali Chemicals and Fertilizers Limited.		
9	Pledging of Equity Shares of Greenan Energy Private Limited in favour of IREDA.		

Signed this ..... day of..... 2018

Signature of the Shareholder

Signature of the Proxy holder(s)

Affix Re 1/- Revenue Stamp
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**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**





**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**

“SPIC House” No 88, Mount Road, Guindy, Chennai 600 032.

CIN: L11101TN1969PLC005778

**ATTENDANCE SLIP**

Please bring this attendance slip (duly filled in) and hand it over at the counter in “RAJAH ANNAMALAI MANDRAM” Esplanade, Chennai 600 108.

Name and Address of the Shareholder:

Folio No:

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DP. ID\*

Client ID\*

\*Applicable to investors holding shares in electronic form

I hereby record my presence at the **47<sup>th</sup> Annual General Meeting** of the Company at “RAJAH ANNAMALAI MANDRAM” Chennai- 600 108 on **Tuesday, the 7<sup>th</sup> August 2018, at 2.30 p.m.**

Signature of the Member or Proxy

Shares held

**SPIC**

**SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED**  
SPIC House, 88 Mount Road, Guindy, Chennai - 600 032.

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