SPIC

48th ANNUAL REPORT

2018 - 19

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Board of Directors

Ashwin C Muthiah	DIN 00255679	Chairman
Dr Aneesh Sekhar I.A.S	DIN 07887010	Director (from 23 May 2019)
Arun Roy I.A.S.	DIN 01726117	Director
S Visakan I.A.S.	DIN 06578414	Director (upto 29 March 2019)
B Elangovan	DIN 00133452	Director
S Shankar	DIN 06591908	Independent Director (upto 31 March 2019)
B Narendran	DIN 01159394	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
Debendranath Sarangi IAS (Retd)	DIN 01408349	Independent Director (from 23 May 2019)
T K Arun	DIN 02163427	Director
S R Ramakrishnan	DIN 00120126	Whole-time Director

Secretary
M B Ganesh

Chief Financial Officer
K R Anandan

Statutory Auditors :
MSKA & Associates
Chartered Accountants
5th Floor, Main Building, Guna Complex
New No. 443 & 445 Old No.304 & 305
Mount Road, Teynampet
Chennai 600 004

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
E-mail : spiccorp@spic.co.in

Plant :
SPIC Nagar, Muthiapuram,
Tuticorin 628 005
Phone : 0461-2355525
Fax : 0461 2355588
E-mail : spiccorp@spic.co.in

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

Bankers :
HDFC Bank Limited
Bank of India
State Bank of India

CONTENTS

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, Ph: 044-22350245

NOTICE

NOTICE is hereby given that the FORTY EIGHTH ANNUAL GENERAL MEETING of the Members of Southern Petrochemical Industries Corporation Limited will be held on Thursday, the 8th August 2019 at 11.15 .A.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 standalone financial statement of the Company for the year ended 31st March 2019 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 2019 and the Report of the Auditors thereon;

   be and are hereby received and adopted.”

2. **Appointment of Director**

   “RESOLVED THAT Mr. B Elangovan, Director (DIN: 00133452), retiring by rotation, eligible for re-appointment and having offered himself for reappointment 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 an **ORDINARY RESOLUTION**:

   “RESOLVED THAT Mr. Arun Roy. V, IAS, (DIN No: 01726117), Nominee Director of Tamilnadu Industrial Development Corporation Limited pursuant to Section 161 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 an **ORDINARY RESOLUTION:**

   “RESOLVED THAT Dr. Aneesh Sekhar. S, IAS, (DIN No: 07887010), Nominee Director of Tamilnadu Industrial Development Corporation Limited pursuant Section 161 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.”

5 To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **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 including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Act and Regulations 16 (1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the appointment of Mr. Debendranath Sarangi (DIN: 01408349) as Independent Director of the Company and to hold office for a period of five years from 23rd May 2019 be and is hereby approved.”

6 To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL 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 including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Act and Regulations 16(1)(b) and 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the re-appointment of Mr. B Narendran (DIN: 01159394) as Independent Director of the Company for a further period of five years from 8th September 2019 during which term he will attain the age of 75 years and continue to hold office be and is hereby approved.”

7 To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL 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 including any statutory modification(s) or re-enactment thereof for the time being in force read with Schedule IV of the Act Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the re-appointment of Mrs. Sashikala Srikanth (DIN: 01678374) as Independent Director of the Company and continue to hold office for a further period of five years from 8th September 2019 be and is hereby approved”.

8 To consider and if thought fit, to pass, with or without modification, the following Resolution as an **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 2020, on a remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) subject to applicable taxes and levies be and is hereby approved and ratified."

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

"RESOLVED THAT approval be and is hereby accorded pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, for the transactions entered into with Wilson International Trading Pte., Ltd., Singapore, a Related Party in the ordinary course of business for purchase of raw materials of value Rs.74,159.35 lakhs during the year 2018-19, considered material and at arm's length basis."

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

"RESOLVED THAT pursuant to the provisions of Section 186 and other applicable provisions 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), subject to such approvals, consents, sanctions and permissions, as may be necessary under any other Statute and the Articles of Association of the Company, consent of the Members be and is hereby accorded for the transfer of 58,08,000 equity shares of Rs. 10/- each of M/s. Mercantile Ventures Limited (MVL) at Rs. 13.50 and 5,09,575 equity shares of Rs. 10/- each of M/s. South India Travels Private Limited (SITPL) at par in favour of the Company by Gold Nest Trading Company Limited pursuant to the Order passed by National Company Law Tribunal (NCLT), Chennai dated 7th March 2019 towards settlement of dues outstanding aggregating Rs. 8.35 Crores by M/s. Gold Nest Trading Company Limited."

(By Order of the Board)
For SOUTHERN PETROCHEMICAL
INDUSTRIES CORPORATION LTD.

Place : Chennai M B Ganesh
Date : 23 May 2019 Secretary

NOTES:

(A) a. Share Transfer Register of the Company will remain closed from 2nd August 2019 to 8th August 2019 (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 10 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 (attached) 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. SEBI Vide press release dated December 03, 2018 decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. This will come into effect from April 1, 2019. Hence after this date physical transfer of securities will not be permitted.

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 / reappointment.

g. Electronic copy of the Notice of the 48th Annual General Meeting (48th 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 48th 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 in future.

h. Members may also note that the Notice of the 48th AGM and the Annual Report will be available on the website of the Company.

i. 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 48th AGM by electronic means and the business may be transacted through electronic-voting services provided by CDSL.

j. 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 at 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.

k. 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.

l. The voting rights of Members shall be in proportion to the shares held by him to the paid-up equity share capital in the Company held as on 1st August 2019, the cut-off-date.

m. 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 the working days between 11.00 A.M. and 1.00 P.M. prior to the date of the Meeting.

INSTRUCTIONS FOR MEMBERS FOR VOTING ELECTRONICALLY ARE AS UNDER:-

(I) The voting period begins on 5th August 2019 (9.00 a.m.) and ends on 7th August 2019 (5.00 p.m.). During this period, the shareholders of the Company, holding shares either in physical form or in dematerialized form, as on 1st August 2019 (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.

(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 and voted on an earlier voting of any company, then yourexisting password is to be used.

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

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• 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.
	• 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.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	• 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).

(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.

(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

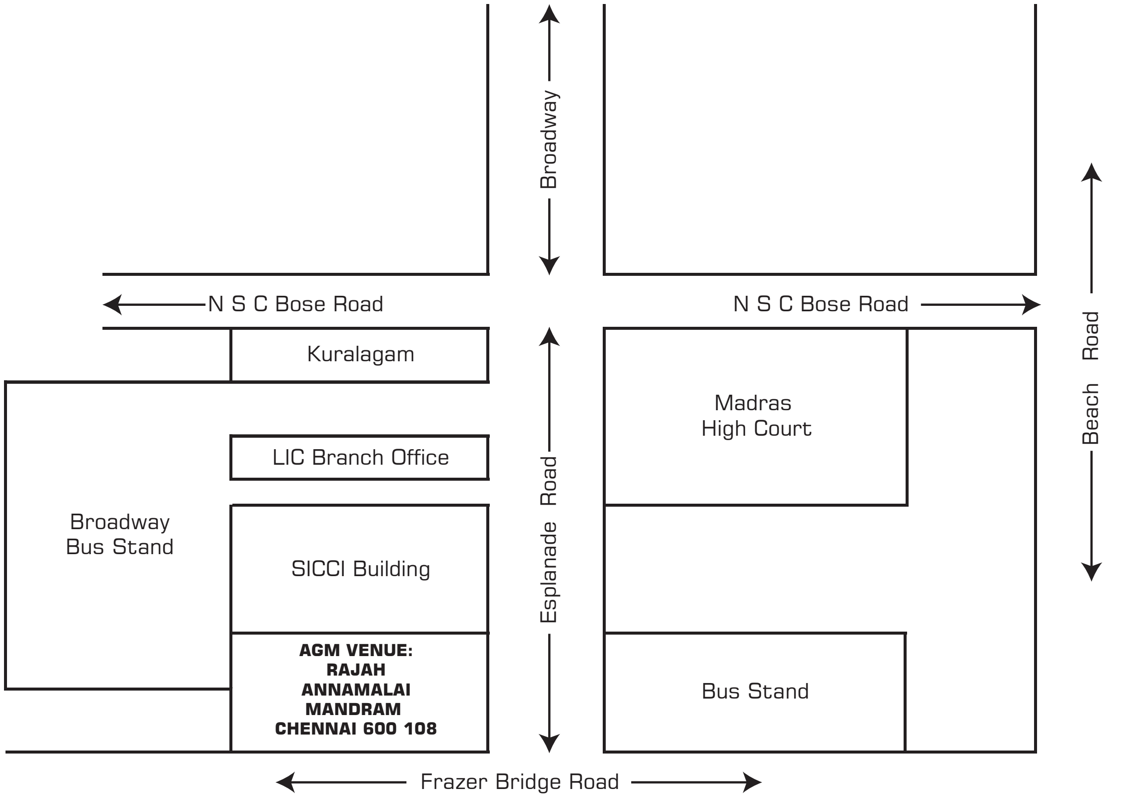
Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A 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, 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. Contact details : email id: bchandrapcs@gmail.com

ROUTE MAP TO RAJAH ANNAMALAI MANDRAM (AGM VENUE)



ATTENTION SHAREHOLDERS

As per 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.

Annexure to Notice

EXPLANATORY STATEMENT

PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following Explanatory Statement sets out the material facts on subjects referred in Item Nos 3 to 10 of the Notice convening the 48th AGM:

ITEM No. 3

The Board of Directors, at their Meeting held on 23rd October 2018 on the recommendation of the Nomination and Remuneration Committee had appointed Mr. Arun Roy. V, IAS (DIN: 01726117), 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 the appointment of Mr. Arun Roy. V, IAS as Director for approval by the Members of the Company as set out in item no 3 of the Notice.

Memorandum of Interest:

Except Mr. Arun Roy, IAS and his Relatives, Mr B Elangovan and Dr Aneesh Sekhar, Nominee Directors of TIDCO, none of the Directors, Key Managerial Personnel of the Company is interested in this Resolution.

ITEM No. 4

The Board of Directors, at their Meeting held on 23rd May 2019 on the recommendation of the Nomination and Remuneration Committee had appointed Dr. Aneesh Sekhar, IAS (DIN: 07887010), 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 the appointment of Dr. Aneesh Sekhar, IAS as Director for approval by the Members of the Company as set out in item no 4 of the Notice.

Memorandum of Interest:

Except Dr. Aneesh Sekhar, IAS and his Relatives, Mr B Elangovan and Mr Arun Roy. V, IAS, Nominee Directors of TIDCO, none of the Directors, Key Managerial Personnel of the Company is interested in this Resolution.

ITEM No. 5

The Board of Directors, at their Meeting held on 23rd May 2019 on the recommendation of Nomination and Remuneration Committee had appointed Mr. Debendranath Sarangi (DIN: 01408349) as Independent Director for a period of five years from 23 May 2019 pursuant to applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (LODR). In the opinion of the Board, pursuant to proviso to Section 152 (5) of the Act, and LODR Mr. Debendranath Sarangi fulfils the conditions specified in the Act, and Rules made under for appointment as an Independent Director of the Company and is independent of the Management. Consent has been received from Mr. Debendranath Sarangi to hold Office as Independent Director of the Company. Notice proposing his candidature has been received as required under Section 160 of the Act. The Board recommends the Resolution in relation to the appointment of Mr. Debendranath Sarangi as Independent Director, for approval by the Members of the Company as set out in item no 5 of the Notice.

Memorandum of Interest:

Except Mr. Debendranath Sarangi and his Relatives, none of the Directors, Key Managerial Personnel of the Company is interested in this Resolution.

ITEM No. 6

Mr. B Narendran was appointed as an Independent Director of the Company for a period of 5 years from 8th September 2014. In terms of Section 149 and other applicable provisions of the Companies Act 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, " hereinafter referred to as Listing Regulations Mr. B Narendran is eligible for re-appointment as Independent Director for a second term of five years by passing a special resolution at the General Meeting. In the opinion of the Board, Mr. B Narendran fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations for his re-appointment as an Independent Director of the Company. Consent has been received from Mr. B Narendran to act as Independent Director of the Company as set out in item no 6 of the Notice.

Justification for continuation of the directorship of Mr. B. Narendran is stated below:

Pursuant to the Regulation 17(1A) of the Listing Regulations, effective April 1, 2019, a listed entity shall not continue the directorship of a non-executive director beyond the age of 75 years unless a Special Resolution is passed to that effect and the explanatory statement annexed to the Notice proposing such continuation specifies the justification.

The Nomination and Remuneration Committee on the basis of the report of performance evaluation of Independent Directors, has recommended the continuation of Mr. B Narendran as Independent Director beyond the age of 75 years. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. B Narendran as Independent Director of the Company. Notice proposing his candidature has been received as required under Section 160 of the Act.

The Board of Directors at their Meeting held on 23rd May 2019 on the recommendation of the Nomination and Remuneration Committee, has unanimously decided to recommend to the shareholders his re-appointment for a second term of 5 years from 8th September 2019. Mr B Narendran will complete the age of 75 on 22nd June 2020.

The Board recommends the Resolution in relation to the re-appointment of Mr. B Narendran as an Independent Director, for approval by the Members of the Company by passing a Special Resolution as set out in Item No. 6 of the Notice.

Memorandum of Interest:

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

ITEM No. 7

Mrs. Sashikala Srikanth was appointed as an Independent Director of the Company for a period of 5 years from 8th September 2014. In terms of Section 149 and other applicable provisions of the Companies Act 2013 and provisions of Listing Regulations, Mrs. Sashikala Srikanth is eligible for re-appointment as an Independent Director for a second term of five years by passing a Special Resolution at the General Meeting. In the opinion of the Board, Mrs. Sashikala Srikanth fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations for the appointment as an Independent Director of the Company. Consent has been received from Mrs Sashikala Srikanth to hold office as Independent Director of the Company. Notice proposing her candidature has been received as required under Section 160 of the Act.

Based on the recommendations made by the Nomination Remuneration Committee, the Board of Directors at their Meeting held on 23rd May 2019, has unanimously re-appointed Ms Sashikala Srikanth for a second term of 5 years from 8th September 2019 subject to the approval of the shareholders by passing a Special Resolution as set out in Item No. 7 of the Notice.

Memorandum of Interest:

Except Mrs. Sashikala Srikanth and her Relatives, none of the Directors, Key Managerial Personnel of the Company is interested in this Resolution.

ITEM No. 8

The Board of Directors, at their meeting held on 23rd May 2019 on the recommendation of the Audit Committee, appointed Mr. P. R. Tantri, Cost Accountant, (M. No 2403) as Cost Auditor at a remuneration of Rs.1,50,000/- (Rupees One lakh and Fifty Thousand only) subject to applicable tax and levies to conduct the cost audit pertaining to the cost accounts and records of the Fertilizers Division of the Company for the financial year ending 31st March, 2020. 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.

The Board recommends the Ordinary Resolution as set out in Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31st March, 2020.

Memorandum of Interest:

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

ITEM No. 9

During the year 2018-19, the Company had purchased raw materials from M/s. Wilson International Trading Pte Limited, Singapore “Related Party” for Rs. 74,159.35 lacs (including demurage charges) in the ordinary course of business and at arm’s length basis. The transaction is considered material pursuant to Regulation 23 the Listing Regulations 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 Listing Regulations, the Related Parties shall not vote to approve the transaction irrespective of whether the entity is a party to the particular transaction or not. 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.9 of the Notice for having entered into transactions with the above said 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. 10

An amount of Rs. 8.35 Crores was due from M/s. Gold Nest Trading Company Limited (Gold Nest) to SPIC towards repayment of outstanding unsecured loan. Gold Nest, with a view to settle the dues, had approached the NCLT with a Scheme of Compromise for transferring its holding of 58,08,000 equity shares of Mercantile Ventures Limited and 5,09,575 equity shares in South India Travels Private Limited to SPIC. The Board of Directors of the Company at their Meeting held on 17th May 2018 approved the Scheme and filed an Affidavit consenting to the transfer of the above said equity shares by Gold Nest. Based on the Order dated 7th March 2019 passed by NCLT, 58,08,000 equity shares of Mercantile Ventures Limited and 5,09,575 equity shares in South India Travels Private Limited held by Gold Nest was transferred to SPIC during March 2019.

Pursuant to Section 186 and other applicable provisions of the Act, if any, and the Rules made thereunder, approval of the Members is sought in this regard.

The Board recommends the Special Resolution seeking consent of the Members for the investments arising out of transfer of equity shares of M/s. Mercantile Ventures Limited and M/s. South India Travels Private Limited by Goldnest pursuant to the NCLT Order dated 7th March 2019 as set out in Item No.10 of the Notice.

Memorandum of Interest:

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 — M B Ganesh
Date : 23 May 2019 — Secretary

Details of the Directors seeking appointment/re-appointment at the 48th Annual General Meeting

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

MR. B ELANGOVAN

Mr. Elangovan Balakrishnan (DIN 00133452) aged around 55 years, a nominee of TIDCO is a Mechanical Engineer holding a Masters degree in Engineering (ME-Mech) from Coimbatore Institute of Technology, Coimbatore. Presently he is pursuing the Phd – Doctoral Programme in Aerospace in the area of specialization viz., “Application of analytical tools in building aerospace manufacturing eco system in Tamilnadu State”.

He has 32 years of experience in various fields covering Manufacturing, Training, Industrial Promotion, Project Management etc. Presently he is working as Senior General Manager in Tamilnadu Industrial Development Corporation Ltd. (TIDCO).

During his service in TIDCO, he has been handling various projects including Development of Special Economic Zone/ Industrial Parks, Renewable Energy Projects such as Solar Parks development, Solar cells / modules manufacturing, Solar Thermal Hybrid & Desalination Projects, etc, Aerospace Park Development that includes promoting Aerospace Components Manufacturing, Aircrafts Maintenance Repair Overhauling Project, etc.

He is also Director of Tamilnadu Telecommunication Limited, Jayamkondam Lignite Power Corporation Limited, Arkonam Castings and Forgings Limited, IT Expressway Limited, Tamilnadu Road Development Company Limited and Managing Director of TIDEL Park Limited. He does not hold any shares in the Company.

MR. ARUN ROY. V, IAS

Mr. Arun Roy. V, IAS (DIN: 01726117) aged around 39 years, a nominee of TIDCO holds B.A. and LLB degrees. He is a 2003 batch IAS officer who has held many key positions in various departments in the Government of Tamil Nadu. Earlier, he served as the State Commissioner for differently abled and Deputy Secretary to Government Finance Department, Managing Director of Chennai Metropolitan Water Supply and Sewerage Board and Registrar of Tamil Nadu Law School. Presently he is the Additional Secretary to Government, Industries Department, Government of Tamil Nadu. He is the Chairman and Managing Director of Southern Structurals Limited and presently serving as a Director of several companies, both listed and unlisted.

He is also Director of Tamil Nadu Telecommunication Limited, Titan Company Limited, Tamilnadu Transmission Corporation Limited, Tamilnadu Road Infrastructure Development Corporation, TICEL Bio Park Limited, Tamilnadu Industrial Development Corporation Limited, Tamilnadu Water Investment Company Limited and TIDEL Park Limited. He does not hold any shares in the Company.

DR. ANEESH SEKHAR. S, IAS

Dr. Aneesh Sekhar. S, IAS (DIN: 07887010) aged around 33 years, a nominee of TIDCO, is an Executive Director TIDCO. He is a 2011 batch IAS Officer who has held many key positions in various departments in the Government of Tamilnadu. Presently, he is the Executive Director of TIDCO and Managing Director of Tamilnadu Polymer Industries Park Limited. Earlier, Dr. Aneesh Sekhar, IAS served as the Commissioner, Corporation of Madurai, Managing Director of Madurai Smart City Limited, Director of Tamilnadu State Transport Corporation (Madurai) Limited and Joint Commissioner of (Enfo) Commercial Taxes, Coimbatore.

He is also Director of TIDCO, Tamilnadu Polymer Industries Park Limited, TIDEL Park Coimbatore Limited, Tamilnadu Petroproducts Limited, Manali Petrochemicals Limited, Tanflora Infrastructure Park Limited and Tamilnadu Trade Promotion Organisation. He does not hold any shares in the Company.

MR. DEBENDRANATH SARANGI

Mr. Debendranath Sarangi (DIN: 01408349) aged around 66 years is a retired IAS (1977) Officer from Tamilnadu cadre. While in service he held senior level responsibilities like Additional Chief Secretary/ Principal Secretary of eight Departments including the Chairman of Tamilnadu Industrial Development Corporation Ltd and TITAN. He eventually retired as the Chief Secretary in the year 2012. He holds M.A. in Political Science from Delhi University and M.A. in Economics from University of Swansea, UK.

He is an Independent Director on the Boards of Voltas Ltd, Universal Comfort Products Ltd and Rohini Industrial Electrical Ltd (both wholly owned subsidiaries of Voltas), the Chairman (Independent Director) of Shriram City Union Finance Ltd. He does not hold any shares in the Company.

MR. B NARENDRAN

Mr. B Narendran, (DIN 01159394) aged around 74 years is a Chemical Engineer and a Master’s Graduate from USA in Transportation, had worked as professional for more than 3 decades in MAC Group of companies as well as consultant to Shell Inc. Houstan, Rite-Aid Pharmacy, Detroit and State Highways Administration, Baltimore, USA.

Mr. B. Narendran, is also the Honorary Consul, Office of the Honorary Consulate, Republic of Philippines in Chennai.

Besides his Directorship and Membership of Committees of Board of SPIC, he is also Director of Sicagen India Limited; Tuticorin Alkali Chemicals and Fertilizers Limited; Mercantile Ventures Limited; India Radiators Limited. He is the Member of Audit Committee in Sicagen India Limited; Tuticorin Alkali Chemicals and Fertilizers Limited;

Mercantile Ventures Limited; India Radiators Limited and Member of Stakeholders Relationship Committee in Mercantile Ventures Limited; India Radiators Limited. He does not hold any shares in the Company.

MRS. SASHIKALA SRIKANTH

Mrs. Sashikala Srikanth aged around 62 years, is a Chartered Accountant. At present, she is providing consultancy services to various corporates including the area of Corporate Social Responsibility. She was Senior General Manager – Resources of IAL Group and Group Financial Controller of Shattaff Group, in Dubai from 2003 to 2005. Held various Senior Management level positions in leading Companies from 1996 to 2003. She was associated with A F Ferguson and Co., Chartered Accountants, Chennai from 1987 to 1995. Appointed as Director of SPIC on 8th September 2014, she is Chairman of the Audit Committee of the Company.

She is also Director of Sicagen India Limited, Tamilnadu Petroproducts Limited, Manali Petrochemicals Limited and Mercantile Ventures Limited. She is also the Member of Audit Committee of Sicagen India Limited and Mercantile Ventures Limited. She does not hold any shares in the Company.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors present their 48th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2019.

FINANCIAL SUMMARY

(₹ in crores)

Particulars	31.03.2019	31.03.2018
Revenue from Operations	**2591.96**	1994.46
Add: Other Income	**21.46**	4.92
Total Income	**2613.42**	1999.38
Profit before interest, depreciation and tax	**121.07**	115.77
Less: Finance Cost	**35.67**	40.88
Less: Depreciation & amortization expenses	**32.06**	40.11
Add: Exceptional Items	**-**	2.44
Profit Before Tax	**53.34**	37.22
Less: Tax Expenses	**-**	-
Profit After Tax	**53.34**	37.22
Add : Net Comprehensive Income/(loss)	**(11.18)**	(0.24)
Total Comprehensive Income	**42.16**	36.98

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 2018 to 7th January 2019 and from 2nd February 2019 onwards. The shutdown of plants for 25 days during January and February 2019 was for Annual Turnaround Maintanence to take up repairs of essential equipment and maintenance activities to improve the reliability and energy efficiency levels for sustained production. Your Company produced 100% neem coated Urea and achieved 6,52,025 MT during 2018-19 compared to 6,58,892 MTs in the previous year. During the year, sale of Manufactured Urea was 6,67,058.990 MTs and sale of Imported Urea was 1,14,732.695 MTs.

The plants were operated using mainly imported Naphtha and Furnace Oil and achieved energy efficiency levels of 7 GCal/MT of Urea for 2018-19 as against 6.834 GCal/MT during the previous year.

Handling of Imported Urea

Government of India allotted to your Company, two coastal ports namely Karaikal and Tuticorin for handling Imported Urea and 1,14,540 MTs of Imported Urea was handled during 2018-19.

Handling of Imported Naphtha

Your Company has signed a Hospitality Agreement with Indian Oil Corporation for a period of two years from 1st July 2019 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.

Progress in conversion of ammonia plant from naphtha to gas

Indian Oil Corporation, authorized to lay the Natural Gas Pipeline from Ennore to Tuticorin, has made substantial progress in the Ramanathapuram – Tuticorin sector. The 145 km Natural Gas pipeline along with the Gas Compression station at Ramanathapuram is expected to be completed by December 2019. Your Company continues to be in a state of readiness to complete the final hook up as and when gas connectivity is established.

As per the New Urea Policy 2015, revised target energy norm of 6.5 Gcal/MT will become effective from 1st April 2020. To adhere to the Policy, various energy saving measures were designed and detailed engineering was carried out. This Ammonia Plant Modernisation Project will be implemented before deadline under the Policy.

Status of the Project Activities

As mentioned in the previous paragraph, most of the project activities, namely, design, engineering, ordering of long delivery items, etc., for the energy reduction project have been completed during the year under review. The new Urea Reactor, with improved material of construction and high efficiency internals, has been received at site and is ready for erection. Meticulous planning is in place to complete this project within the budgeted cost and time.

One of our Associate companies is putting up a 24.7 MW floating solar power project in the Company's water reservoirs which, when completed during this year, will reduce the cost of power. Your Company also has an arrangement with another company for putting up a 10 mld Desalination project which will be completed during this year. This is expected to reduce the risk associated with supply of water from Government source.

PUBLIC DEPOSITS

There are no deposits covered under Chapter V of the Companies Act, 2013 (the Act) during the year 2018-19 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 associates and joint ventures (in Form AOC-1) is attached to the Financial Statements. The Company has no subsidiaries.

Tamilnadu Petroproducts Limited (TPL)

During the year under review, revenue from operations was Rs.1,241.56 crores compared to Rs.1,081.83 crores in 2017-18. The Net profit for the year was Rs.54.27 crores against Rs.51.70 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 (Linear Alkyl Benzene) and Heavy Chemicals Division. The conversion of ECH (Epichlorhydrin) manufacturing facility to produce Propylene Oxide was also commissioned during the year.

Tuticorin Alkali Chemicals and Fertilizers Limited (TFL)

The problems in the CO_2 plant came under control and the required CO_2 gas was produced for use in Soda Ash plant. However due to long periods of shutdown and subsequent low load operation, the Soda Ash and Ammonium Chloride process plants had several mechanical issues, which were hampering the stepping up of the production. Even though the production is better than the previous years, still it is only 50% of the capacity and hence the turnover is low and the company has not made profits during the year. The company's petition before the NCLT seeking approval for a scheme to convert the outstanding dues and the preference capital both into equity shares, was approved by SEBI on 6th Sep, 2018. Accordingly 4,68,50,000 equity shares were allotted on 17.9.2018 with lock in condition. Approval from BSE for Listing & Trading is awaited.

Greenam Energy Private Limited (GREENAM)

Greenam Energy Private Limited (Greenam) is setting up a Floating Solar Power Project of capacity 24.7MW DC in the water reservoirs of the Company at Tuticorin. Indian Renewable Energy Development Agency Limited (IREDA) has sactioned a Term loan of Rs. 88 Crores. Action is being taken to complete documentation for availing the loan and the Promoters during the year have so far brought in around Rs. 28.74 crores towards equity. Your Company as one of the Promoters has invested in 56,86,500 equity shares of Rs.10/- each of value Rs.5.68 crores. An agreement has been entered into by your Company with Greenam, permitting them to use the Company's water 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 well and orders have been placed for critical instruments. Major Inverter, transformers have been received. The commissioning of the Project is expected by January 2020.

SAFETY, HEALTH AND ENVIRONMENT

Your Company is in the process of going for integrated management system certification i.e., QMS.ISO 9001:2015, EMS – ISO 140001:2015 and OHS – ISO 45001: 2018 by 2019 and system updating is in progress.

Your Company has achieved longest accident free period of about 585 days with 1.71 million man hours continuously. Your Company has revamped one of the fire tenders with modernized fire system.

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 camps. Your Company continues to conduct pre medical and periodical medical examination for employees on regular basis. Similarly, Green Belt development is given top most importance and is a continuing activity with about 700 tree plantation done during this year.

HUMAN RESOURCE AND INDUSTRIAL RELATION

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, 2019 is 651. Your Company continues with the regular campus recruitment programme as a process of building the organisation from the bottom.

EXTRACT OF ANNUAL RETURN

Form MGT-9 as on 31st March 2019 as required under Section 92 of the Act is given in Annexure I to this Report and is available in the website of the Company i.e. www.spic.in.

DIRECTORS

Since the date of the last Report, Mr. Arun Roy , I.A.S was inducted as Nominee director of TIDCO at the Board meeting held on 23rd October 2018. The resignation of Mr. S. Shankar, Independent Director effective 31st March 2019 was accepted by the Board of Directors at their meeting held on 12th February 2019. Mr.S.Visakan IAS, TIDCO Nominee Director was appointed as Additional Director as per Section 161 of the Companies Act, 2013 at the Board meeting held on 7th August 2018. Subsequently TIDCO had withdrawn the nomination of Mr.Visakan which was given effect from 29th March 2019. In his place TIDCO had nominated Dr.Aneesh Sekhar, IAS as the Nominee Director and the Board of Directors at their meeting held on 23rd May 2019 appointed him as Additional Director. The Board of Directors place on record the invaluable services rendered by Mr S Shankar, and Mr S.Visakan IAS, during their tenure.

The Board of Directors at their Meeting held on 23rd May 2019 appointed Mr. Debendranath Sarangi as Independent Director for a period of 5 years from 23 May 2019. On the same day Mr. B Narendran and Mrs. Sashikala Srikanth, were recommended for reappointment as Independent Directors for the second term of 5 years from 8th September 2019. Mr. B Narendran during the second term will attain the age of 75 on 22nd June 2020. The approval of shareholders is being sought for the above said appointment and re appointment of Independent Directors.

Mr. B.Elangovan Director shall retire by rotation at the ensuing Annual General Meeting of the Company 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 SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended 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

Pursuant to Section 124 (6) of the Companies Act 2013 read with The Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules 2001 the Company after giving due notice in writing to the shareholders, whose dividend remained unclaimed were transferred to IEPF Authority. 1,66,454 equity shares in respect of 1008 shareholders were transferred during March 2018. Corporate action taken in this regard was made 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 are 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

PARTICULARS OF REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL 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, 2019 and forming part of this Report is given in Annexure III to this Report.

STATUTORY AUDITORS

M/s. MSKA & Associates Chartered Accountants (Firm Registration No: 105047W) Chennai are the Statutory Auditors of the Company appointed by the shareholders for a period of 5 years from 2017- 18 and to hold office until the conclusion of 51st AGM of the Company.

COST AUDITOR

Mr. P R Tantri, Cost Accountant (M. No. 2403) was appointed as the Cost Auditor of the Company for 2018-19 to carry out the audit of your Company's Cost Accounts and Records of fertilizer business. The Company is required to maintain Cost Records as specified by the Central Government under Section 148 (1) of the Act and that accordingly such accounts and records are made and maintained. The Cost Audit Report for the year ended 31st March 2018 was filed within the time stipulated under the Act.

The Board of Directors at their meeting held on 23rd May 2019, on the recommendation of the Audit Committee, have re-appointed Mr. P R Tantri, Cost Accountant as Cost Auditor for 2019-20 at a remuneration of Rs.1,50,000/- 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, Regulation 24A of Lisiting Regulations and the Rules made thereunder, your Company has appointed Ms. B Chandra, Practicing 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, 2019, 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, 2019 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. During the year, your Company invested in 56,86,500 equity shares of Rs.10 each at par of Greenam Energy Private Limited offered on rights basis and 456 Equity shares of Rs.10 each at par in RK Windfarms (Karur) Private Ltd. Tuticorin Alkali Chemicals and Fertilizers Limited (TFL) allotted of 4,68,50,000 equity shares of Rs 10/- each at par pursuant to the proposal submitted by TFL to National Company Law Tribunal (NCLT) for full conversion of loan and outstanding dues as well as settlement towards Redeemable cumulative preference shares held by SPIC. The above arrangement was approved by SEBI vide Order dated 6th September 2018.

SPIC received from Gold Nest Trading Company Limited (Goldnest) 5,09,575 equity shares of Rs.10 each of South India Travels Pvt Limited at par and 58,08,000 equity shares of Rs.10 each of MVL at Rs.13.50 per share towards settlement of unsecured loans received from SPIC and pending repayment, pursuant to the Scheme of Arrangement by Goldnest with its Shareholders and Creditors as approved by Board of Directors of SPIC at their Meeting held on 17th May 2018. The said Scheme was approved by NCLT Vide Order dated 7th March 2019.

RELATED PARTY TRANSACTIONS

The transactions entered into during the year 2018-19 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 during the year considered material in nature.

The details of transactions with entity belonging to Promoter Group which holds 10% or more shareholding in the Company as per Regulation 10 of LODR are included in Note No.36 of Notes on Accounts

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 2019 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, Low temperature Shift convertor catalyst was renewed with new catalyst in Ammonia plant.
- To avoid energy loss through the heat exchangers, several exchangers were re-tubed / replaced.
- Syngas compressor turbine Silica washing and Loop refrigeration compressor overhauling was done to improve the efficiency.
- Steam system audit were carried out periodically and the faulty traps and leaks were 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	**2018-19**	2017-18
Foreign Exchange Earnings	**2.70**	16.14
Foreign Exchange Expenditure	**2,01,457.15**	1,38,551.44

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. Your Company pursuant to the Companies Act 2013 and Listing Regulations 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 2018-19 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 11th February 2019 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 23rd May 2019 evaluated the performance of all Independent Directors and the Board as a whole and its Committees and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board 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 etc., 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, five Board Meetings were held on 17th May 2018, 7th August 2018, 23rd October 2018, 12th February 2019 and 27th March 2019 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 Company has a Policy on Material Subsidiary approved by the Board of Directors 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 and the Companies Act, 2013 is available on the Company's website under the web link: 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 amended SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

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

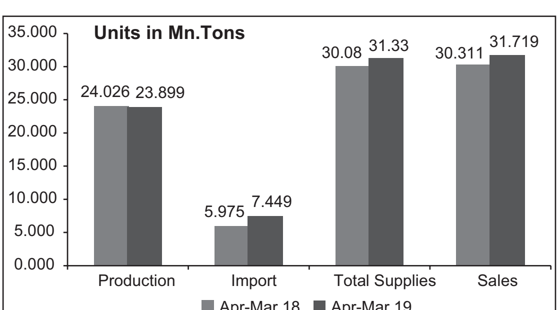
The fertilizer industry of India is growing satisfactorily during the last five decades due to increased awareness of the benefits of fertilizer application to replace the crop removal of nutrients from the soil. Indian ranks second in the world with respect to consumption of Urea; first being China. Government of India is taking necessary steps to increase the indigenous production of Urea like pipeline connectivity, revival of old plants etc. These efforts may result in the reduction of import of Urea in few years from now.

The seasonal conditions play a vital role in consumption of fertilizers in the country. During the Kharif season (June to Sept); the total rainfall was 9% less than normal. However, locations like Rayalaseema and Interior Karnataka received deficient rainfall resulting in reduction in coverage of crops that consume large quantities of fertilizers. The post monsoon (October to December) in southern peninsula recorded a reduction of 36% from the normal. This reduced monsoon has resulted demand for Urea and other fertilizers. The meteorological report for post monsoon period states that about 87 % of the total area of the country received deficient rainfall when compared to the normal.

During the year, the availability of Urea in the market was satisfactory without any instance of deficit during the period of requirement. The year witnessed a higher quantity of Urea supplies and consequent sales over the previous year. The supplies were higher by 4% to record 31.33 million tonnes. Similarly the import of Urea was also higher than the previous year by about 24.70 % and stood at 7.44 million tonnes. The sale of Urea recorded 31.72 million tonnes which is 4.6% higher than the previous year. (Source: Fertilizer Association of India).

The capacity utilization of Urea has declined marginally from 97.10% to 96.10% during the year under review.

Comparison of All India Urea Production, Import, Supplies and sales with previous year



DBT in Fertilizers:

Your Company as a Lead Fertilizer Supplier (LFS) for Tamil Nadu and Pondicherry, we have ensured the usage of 11,611 numbers of Point of Sales (PoS) devices out of 11,980 devices available in the States. The usage percentage is 97 % which is the highest in the country.

To achieve this level of usage we facilitated the conduct of 45 numbers of Service Workshops at each Blocks of the State with the active participation of all stake holders like Department of Agriculture, Distributors, Dealers, Retailers, Officials from Collectorates and National Informatics Centers.

Further change in this is anticipated with the plan to introduce Web Based applications at retailer locations to conduct the business with ease and error free. With this change, we expect to reduce the un-authorized sale of fertilizers for Agriculture. During the year, special approval is given by the Government of India to authorized Mixing Manufacturers to buy straight fertilizers from the manufacturers or importers by complying with ePoS sales process.

To increase the sale of our Urea through ePOS machines, we have educated our employees on the use of ePOS machines, trained them to train the retailers and to address minor errors in the machine while on operation. As a ready reckoner we have documented and issued an Operation Manual for all activities related to the revised concession eligibility like Manual for Release Order (RO for stocks), Module and User guide for ePoS devices for all the field marketing officers of the company.

During the year, sale of Manufactured Urea was 6,67,058.990 MTs and sale of Imported Urea was 1,14,732.695 MTs.

Tissue Culture Business:

During the year, the sale of tissue cultures recorded a sales turnover of Rs. 838.04 Lacs. The demand for the product was low due to unfavorable seasonal conditions and subsidy policy under National Horticulture Mission.

To hedge similar risks due to seasonal variation, we have commercialized intermediate stages in production of Banana plants as Multi Culture, Ex Agar Plants and net pot plants. This innovation not only enable us to increase the production substantially, but also to cater to distant markets like Maharashtra, Uttar Pradesh, Bihar and Gujarat.

As part of new business development, your Company has also signed MOU with ICAR-CPCRI, Kasargode, Kerala for technology transfer for the production of high yielding disease resistant arecanut plants for mass production. This initiative will increase the profitability in future.

Financial Ratios:

The significant changes in the financial ratios of the Company, which are more than 25% as compared to the previous years are summarized below:

Ratio	2018 - 19	2017 - 18	Reasons for change
Debtors Turnover Ratio (days)	80	29	Mainly due to delayed disbursement of Subsidy by the Government of India.
Inventory Turnover Ratio (days)	9	5	Higher cost of Goods in current year compared to last year
Interest Coverage Ratio (times)	2.50	1.91	Due to improved Net Profit, we have better Interest Coverage Ratio in current year.
Debt Equity Ratio (times)	4.78	3.70	Due to delay in subsidy disbursement, trade payable had accumulated resulting in higher total liabilities and higher Debt Equity Ratio
Return on net worth (%)	15.34	12.18	Mainly due to Increased Profits in current year
Debt - Service Coverage ratio (times)	2.50	1.91	Improved Cash profits during current year had improved the Debt Service Coverage Ratio

CHALLENGES

Your Company's stable operation depends on completion of NG pipeline infrastructure by IOC and sustained supply of gas. DBT stabilization using ePoS machines at retail shops and addressing connectivity issues are of utmost importance. The working capital pressure will also continue to be a challenge.

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
(DIN:00255679)
Chairman

Place : Chennai
Date : 23rd May 2019

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 2019

[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, "Subramanian Building" No 1 Club House Road, Chennai 600 002. Ms Priya, Company Secretary Ph: 044-8460390

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	43.94	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	
(A) Promoters									
(1) Indian									
(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.	72866263	150	72866413	35.78	70845263	-	70845263	34.79	-0.99
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	81751713	150	81751863	40.14	79730713	-	79730713	39.15	-.0.99
(2) Foreign									
(a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	18914775	-	18914775	9.29	18914775	-	18914775	9.29	0.00
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)	18914775	-	18914775	9.29	18914775	-	18914775	9.29	-
Total Shareholding of Promoter (A) = (A (1) + (A) (2)	100666488	150	100666638	49.43	98645488		98645488	48.44	-0.99
(B) Public Shareholding									
(1) Institutions	-	-	-	-	-	-	-	-	-
(a) Mutual Funds	900	9900	10800	0.01	900	9900	10800	0.01	0.00
(b) Banks/FI	5251273	18300	5269573	2.59	4723569	18300	4741869	2.33	-0.26
(c) Central Govt	166454	0	166454	0.08	166454	0	166454	0.08	0.00
(d) State Govt (s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	0	550	550	0.00	0	550	550	0.00	0.00
(g) FIIs	0	8150	8150	0.00	0	8150	8150	0.00	0.00
(h) Foreign Venture Capital Funds	-	-	-	-	1350191	-	1350191	0.67	0.67
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	5418627	36900	5455527	2.68	6241114	36900	6278014	3.08	0.40

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	
(2) Non- Institutions	-	-	-	-	-	-	-	-	-
(a) Bodies Corp	-	-	-	-	-	-	-	-	-
i. Indian	28489253	1546076	30035329	12.55	18918620	741370	19659990	9.65	-2.09
ii. Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
i. Individual share holders holding nominal share capital up to ₹ 1 lakh	2936370	26132703	29069073	14.27	24030628	3374242	27404870	13.71	-0.56
ii. Individual share holders holding nominal share capital in excess of ₹ 1 lakh	17819037	-	17819037	8.75	30923268	--	30923268	15.19	6.44
C) Others									
(a) Clearing Member	2044561	0	2044561	1.00	52433	--	52433	0.03	-0.97
(b) NRIs	1537375	12746	1550121	0.76	1082643	12746	1095389	0.54	-0.22
(c) OCBs	39150	650	39800	0.02	39150	650	39800	0.02	0.00
(d) Trusts	18450	-	18450	0.01	8600	--	8600	0.00	0.01
(e) HUF	-	-	-		2740184	500	2740684	1.34	-
Sub Total (B) (2)	52884196	27692175	80576371	37.37	77795526	4129508	81925034	38.90	1.53
Total Shareholding of Public = (B) (1) + (B) (2)	**58302823**	**27692175**	**86031898**	**42.25**	**84036640**	**4166408**	**88203048**	**43.13**	**0.81**
C. Shares held by custodian for GDRs & ADRs	16941800	0	16941800	8.13	16791800	--	16791800	8.25	-0.07
Grand Total (A+B+C)	**199107404**	**4532932**	**203640336**	**100.00**	**199473928**	**4166408**	**203640336**	**100.00**	**0.00**

(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	50800	0.02	0.00	-1.17
7	South India House Estates & Properties ltd	1810450	0.89	0.00	1636900	0.80	0.00	-0.09
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	659075	0.32	0.00	0.26
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
Total		**100666638**	**49.43**	**-**	**98645488**	**48.44**	**-**	**-0.99**

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

S. No	Particulars	Shareholding at the beginning of the year 1st April 2018		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2018 to 31 03 2019) and as on 31 03 2019	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
	Promoters' holding	10,06,66,638	49.43					
1	South India Travels Pvt Ltd,.	18,10,450	0.89	27/02/2019	1,73,550	Sale	16,36,900	0.80
2	ACM Educational Foundation	1,34,075	0.07	07/03/2019	5,25,000	Transfer	6,59,075	0.32
3	Gold Nest Trading Company Limited	24,23,400	1.19	07/03/2019	23,72,600	Transfer	50,800	0.02
	Promoters' holding at the end of the year						9,86,45,488	48.44

NOTE:

1 South India House Estates & Properties Limited have disposed off 1,73,550 equity shares on 27th February 2019

2 National Company Law Tribunal, Chennai has on 07/03/2019 approved Scheme of Arrrangement between Gold Nest Trading Company (Goldnest) and and its Shareholders and Creditors. Under the Order Goldnest has to transfer the Equity share of the Company to ACM Educational Foundation and other creditors.

(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 2018		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2018 to 31 03 2019) and as on 31 03 2019	
		No. of Shares	% to total shares of the Company				No. of Shares	% to total shares of the Company
1	RUCHIT BHARAT PATEL	945,653	0.46	25/05/2018	68,140	PURCHASE	1,013,793	0.50
				01/06/2018	14,462	PURCHASE	1,028,255	0.50
				08/06/2018	83,595	PURCHASE	1,111,850	0.55
				28/09/2018	1,592	PURCHASE	1,113,442	0.55
				01/03/2019	5,900,000	PURCHASE	7,013,442	3.44
				31/03/2019			**7,013,442**	**3.44**
2	FINQUEST FINANCIAL SOLUTIONS PVT LTD	884,204	0.43	13/04/2018	25,000	PURCHASE	909,204	0.45
				20/04/2019	56,597	PURCHASE	965,801	0.47
				11/05/2019	104,262	PURCHASE	1,070,063	0.53
				18/05/2019	179,091	PURCHASE	1,249,154	0.61
				25/05/2018	176,986	PURCHASE	1,426,140	0.70
				01/06/2018	40,169	PURCHASE	1,466,309	0.72
				08/06/2018	217,742	PURCHASE	1,684,051	0.83
				29/06/2018	-744,205	SALE	939,846	0.46
				06/07/2018	-71,000	SALE	868,846	0.43
				13/07/2018	136,778	PURCHASE	1,005,624	0.49
				20/07/2018	295,066	PURCHASE	1,300,690	0.64
				27/07/2018	214,319	PURCHASE	1,515,009	0.74
				31/07/2018	93,911	PURCHASE	1,608,920	0.79
				03/08/2018	87,592	PURCHASE	1,696,512	0.83
				10/08/2018	290,504	PURCHASE	1,987,016	0.98
				17/08/2018	113,525	PURCHASE	2,100,541	1.03
				24/08/2018	277,723	PURCHASE	2,378,264	1.17
				31/08/2019	540,985	PURCHASE	2,919,249	1.43
				07/09/2018	437,027	PURCHASE	3,356,276	1.65
				14/09/2018	161,055	PURCHASE	3,517,331	1.73
				21/09/2018	182,918	PURCHASE	3,700,249	1.82
				28/09/2018	147,269	PURCHASE	3,847,518	1.89
				05/10/2018	170,383	PURCHASE	4,017,901	1.97
				12/10/2018	136,723	PURCHASE	4,154,624	2.04
				19/10/2018	215,428	PURCHASE	4,370,052	2.15
				26/10/2018	191,295	PURCHASE	4,561,347	2.24
				02/11/2018	19,417	PURCHASE	4,580,764	2.25
				23/11/2018	19,157	PURCHASE	4,599,921	2.26
				30/11/2018	40,180	PURCHASE	4,640,101	2.28
				07/12/2018	24,217	PURCHASE	4,664,318	2.29
				14/12/2018	14,950	PURCHASE	4,679,268	2.30
				21/12/2018	100,010	PURCHASE	4,779,278	2.35
				28/12/2018	1,000	PURCHASE	4,780,278	2.35
				04/01/2019	79,925	PURCHASE	4,860,203	2.39
				22/02/2019	75,531	PURCHASE	4,935,734	2.42
				01/03/2019	980,904	PURCHASE	5,916,638	2.91
				08/03/2019	34,411	PURCHASE	5,951,049	2.92
				15/03/2019	119,261	PURCHASE	6,070,310	2.98
				22/03/2019	39,045	PURCHASE	6,109,355	3.00
				29/03/2019	87,542	PURCHASE	6,196,897	3.04
				31/03/2019			**6,196,897**	**3.04**

Sl. No	Each of the Top 10 Shareholders	Shareholding at the beginning of the year 1st April 2018		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2018 to 31 03 2019) and as on 31 03 2019	
		No. of Shares	% to total shares of the Company				No. of Shares	% to total shares of the Company
3	HARDIK B	211,781	0.10	11/05/2018	1,900	PURCHASE	213,681	0.10
				14/09/2018	74,000	PURCHASE	287,681	0.14
				01/03/2019	1,650,000	PURCHASE	1,937,681	0.95
				22/03/2019	-27,000	SALE	1,910,681	
				31/03/2019	**2,377,878**	**PURCHASE**	**4,315,559**	**2.12**
4	LIFE INSURANCE CORPORATION OF INDIA	3,926,725	1.93				3,926,725	1.93
				31/03/2019			**3,926,725**	**1.93**
5	VIBGOYAR INVESTORS & DEVELOPERS PVT LTD	2,311,000	1.13	31/08/2018	189,000	PURCHASE	2,500,000	1.23
				26/10/2018	-58,000	SALE	2,442,000	1.20
				11/01/2019	58,000	PURCHASE	2,500,000	1.23
				31/03/2019			**2,500,000**	**1.23**
6	POLARIS BANYAN HOLD. PVT LTD	1,974,558	0.97				1,974,558	0.97
				31/03/2019			**1,974,558**	**0.97**
7	HARSHA HITESH JAVERI	700,000	0.34				700,000	0.34
				29/03/2019	**1,000,000**	**PURCHASE**	**1,700,000**	**0.83**
8	HITESH RAMJI JAVERI	1,700,000	0.83				1,700,000	0.83
				31/03/2019			**1,700,000**	**0.83**
9	HYPNOS FUND LIMITED	1,350,000	0.66				1,350,000	0.66
				31/03/2019			**1,350,000**	**0.66**
10	RADHABAI RAMJI JAVERI	973,960	0.48				973,960	0.48
				31/03/2019			**973,960**	**0.48**

(v) Shareholding of Directors and Key Managerial Personnel:

S. No	Particulars	Shareholding at the beginning of the year 1st April 2018		Date of Transfer / Purchase	Increase / Decrease	Reason for Increase / Decrease	Cumulative shareholding during the year (01 04 2018 to 31 03 2019) and as on 31 03 2019	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Mr Ashwin C Muthiah	45	0.00					
				28/08/2018	29,350	Purchase	29,395	0.01
				09/11/2018	16,055	Purchase	45,450	0.02
				31/03/2019			45,450	0.02
2	Mr S Radhakrishnan	450	0.00				450	0.00
3	Mr M B Ganesh	50	0.00				50	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	1,061.00	-	* 21847.03	22,908.03
ii) Interest due but not paid		-	3,405.14	3,405.14
iii) Interest accrued but not due		-	101.70	101.70
Total (i+ii+iii)	1,061.00	-	25,353.87	26,414.87
Change in indebtedness during the financial year				
Addition	14,635.82	-	1,800.36	16,436.18
Reduction	(1,061.00)	-	(1,577.79)	(2,638.79)
Net Change	14,635.82	-	222.57	14,858.39
Indebtedness at the end of the financial year				
i) Principal Amount	14,635.82	-	* 21847.03	36,482.85
ii) Interest due but not paid		-	3,601.21	3,601.21
iii) Interest accrued but not due		-	128.20	128.20
Total (i+ii+iii)	14,635.82	-	25,576.44	40,212.26

* Includes Preference share capital of ₹ 1250 lacs and accumulated Preference Dividend ₹ 3552.71 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	71,24,400
	(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	--
	Total	71,46,000
Ceiling as per the Act		1,20,00,000

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	2,50,000	0.00	0.00
2	Mr S Shankar	1,50,000	0.00	0.00
3	Brig (Retd) Harish Chandra Chawla	2,50,000	0.00	0.00
4	Mrs Sashikala Srikanth	2,50,000	0.00	0.00
5	Mr Sumanjit Chaudhry	2,50,000	0.00	0.00
6	S Radhakrishnan	2,50,000	0.00	0.00
	Other Non Executive Directors			
7	Mr T K Arun	2,50,000	0.00	0.00
8	Mr B Elangovan	2,00,000	0.00	0.00
9	Mr S Visakan IAS	1,50,000	0.00	0.00
10	Mr Arun Roy IAS	--	0.00	0.00
11	Mr Ashwin C Muthiah	2,50,000	0.00	0.00
	Total	**22,50,000**	**0.00**	**0.00**

Sitting fee is not paid to Directors for attending Meetings of Committees of the Board

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	16,50,000	72,60,000	89,10,000
	(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	--	--	--
	Total	16,50,000	72,60,000	89,10,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the Financial Year ended 31st March 2019.

For and on behalf of the Board of Directors

ASHWIN C MUTHIAH
(DIN:00255679)
Chairman

Place : Chennai
Date : 23 May 2019

ANNEXURE – II

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 officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

The Wholetime Director shall finalise the list of Senior Management based on the said criteria.

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 filed. 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. The remuneration payable to the Senior Management shall be recommended by NRC to the Board for approval.

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 : 23 May 2019

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	12

Remuneration of Non-Executive Directors is only by way of sitting fees of ₹50,000 for attending each meeting of the Board. Sitting fees 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 2018-19
S R Ramakrishnan	Whole Time Director	-
K R Anandan	Chief Financial Officer	10
M B Ganesh	Company Secretary	-

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 651

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 2018 and this has been effected to our employees across the organization.

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 & Nature of Duties	Age	Qualification	Experience	Last Employment & Position held	Date of Commencement of employment	Gross Remuneration (Actual CTC) (₹)
Ramakrishnan S R	Whole Time Director	69	BTech (Chem), MTech (Indl Mgmnt)	4 Yrs 8 M	Sri Ram Group	30-Jul-14	75,00,000
Anandan K R	Chief Financial Officer	55	B.Com, M.Com, ACA, AICWA, ACS, PGDBA, PGDPP, PGDMM	3 Yrs 9 M	TPL	01-Jul-15	72,60,000
Gopalakrishnan K	Asst Vice President (Corporate Affairs)	52	BA, MA, DIP(PR)	15 Yrs 11 M	SICAL, Joint Manager-PR	01-May-03	41,99,000
Senthil Nayagam P	General Manager	47	BE (Chem), MS	25 Yrs 2 M	SPIC EMS Trainee	17-Feb-94	35,74,000
Palanisamy V	Deputy General Manager-Production	45	BE (Chem)	22 Yrs 1 M	SPIC EMS Trainee	01-Mar-97	30,16,000
Rajagopalan N	Head - IT	53	Dip (Com), B.Sc, MSc(IT)	4 Yrs 5 M	Freelance Consultant	12-Nov-14	25,98,000
Madhukar V	Head – HR	50	BA (Eng), MA (Socialogy), PGDPM	4 Yrs 4 M	Freelance Consultant	01-Dec-14	25,20,000
Rajeshkumar E	AGM (Tech Services)	43	BTech (Chem)	21 Yrs 3 M	SPIC EMS Trainee	01-Jan-98	24,80,000
Manivannan S S	AGM (Engg & Maint. Services)	45	BE (Mech)	12 Yrs 8 M	INDO Jordan Chemicals	1-Aug-06	24,80,000
Prem Babu D	AGM (Finance)	44	B.Com, ACA, AICWA.	6 Yrs 1 M	SPEL Semiconductor Limited	1-Mar-13	24,70,000

- The employment of Whole Time Director is contractual and all others are regular employees.
- None of the employees mentioned above
  - Hold by either themselves or along with their spouse and dependent children, not less than 2% of the equity shares of the company
  - Is a relative of any director or manager of the Company
  - 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 : 23 May 2019

ANNEXURE IV

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2019

[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 31.03.2019, 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 31.03.2019, 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.
with certain delayed reporting considered not significant.

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

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

Signature:
Name of Company Secretary in Practice : B.CHANDRA
ACS No.: 20879
C P No. : 7859

Place : Chennai
Date : 23.05.2019

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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My 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.

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

Place : Chennai
Date : 23.05.2019

ANNEXURE - V

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. S R Ramakrishnan (Whole-time Director)

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

(₹ in Crores)

Year	2015-16	2016-17	2017-18	Average Net Profit
Net Profit / (Net Loss)	(1542.46)	(1539.92)	(1502.82)	(1528.40)

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;

Pet plastic bottle crusher at Tuticorin Corporation, Gift of land to Tuticorin Corporation for construction of Micro Compost Yard, Relief material to Gaja Cyclone victims, Awareness programme on removal of plastic in association with Pollution control Board. Drinking water connection to Susai Nagar residents, Tuticorin, construction of Upathodai round about, Tuticorin.

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

	S R Ramakrishnan	Ashwin C Muthiah
Place : Chennai	Whole-time Director	Chairman, CSR Committee
Date : 23 May 2019	DIN : 00120126	DIN : 00255679

ANNEXURE VI

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 2018-19 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 and interest payment
c)	Duration of the contracts / arrangements/ transactions	::	1st April 2018 - 31st March 2019
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	::	₹741.59 Crores
e)	Date of approval by the Board, if any	::	
f)	Amount paid as advances, if any	::	

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 (2018-19)

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 2019, the Board of Directors of the Company had 12 (Twelve) Directors. During the year 2018-19, 5 (Five) Board Meetings were held on 17th May 2018, 7th August 2018, 23rd October 2018, 12th February 2019 and 27th March 2019.

COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD

Name of the Director, DIN, Designation and Category	Attendance at Board Meetings	Attendance at previous AGM held on 7th August 2018
Mr. Ashwin C Muthiah, (00255679) Chairman, Non- Executive Promoter Nominee	5	Yes
Mr. T K Arun (02163427), Non-Executive Non Independent	5	Yes
Mr. B Elangovan (00133452), Non-Executive, TIDCO Nominee	4	Yes
Mr. S Visakan I A S (06578414), TIDCO Nominee, Non Executive (from 7th August 2018 to 29th March 2019)	3	Yes
Mr. Arun Roy I A S (01726117), TIDCO Nominee, Non-Executive (from 23 10 2018)	--	N A
Mr. S Shankar (06591908), Non-Executive Independent, (upto 31st March 2019)	3	Yes
Mr. B Narendran (01159394), Non-Executive Independent	5	Yes
Ms. Sashikala Srikanth (01678374), Non-Executive Independent	5	Yes
Brig.(Retd) Harish Chandra Chawla (00085415), Non-Executive Independent	5	Yes
Mr. Sumanjit Chaudhry (06752672), Non-Executive Independent	5	Yes
Mr. S Radhakrishnan (00061723), Non-Executive Independent	5	Yes
Mr. S R Ramakrishnan (00120126), Whole-Time Director Professional	5	Yes

Name of the Director, DIN, Designation and Category	No. of other Director ships (*)	No. of Membership in Board Committees of other companies (**)		Names of other Listed Entities in which he/she holds Directorship and category of Directorship
		As Chairman	As Member	
Mr. Ashwin C Muthiah, (00255679) Chairman, Non- Executive Promoter Nominee	3 (2)	1	1	1 Manali Petrochemicals Limited, Chairman 2 Tamilnadu Petroproducts Limited, Vice Chairman 3 Sicagen India Limited - Chairman
Mr. T K Arun (02163427) Non-Executive Non Independent	1	-	1	Manali Petrochemicals Limited, Director
Mr. B Elangovan (00133452) TIDCO Nominee Non-Executive	7	-	2	Tamilnadu Telecommunication Limited, Director

Name of the Director, DIN, Designation and Category	No. of other Director ships (*)	No. of Membership in Board Committees of other companies (**)		Names of other Listed Entities in which he/she holds Directorship and category of Directorship
		As Chairman	As Member	
Mr S Visakan I A S (06578414) TIDCO Nominee. Non-Executive (from 13th June 2018 to 29th March 2019)	5	-	-	NIL
Mr Arun Roy I A S (01726117) TIDCO Nominee. Non-Executive (from 23rd October 2018)	5	_	-	1. Tamil Nadu Telecommunication Limited, Nominee Director 2. Titan Company Limited, Nominee Director
Mr. S Shankar (06591908) Non-Executive Independent (upto 31st March 2019)	1	-	1	Tuticorin Alkali Chemicals and Fertilisers Limited, Independent Director
Mr. B Narendran (01159394) Non-Executive Independent	6	2	5	1 Tuticorin Alkali Chemicals and Fertilisers Limited, Independent Director 2 Sicagen India Limited, Independent Director 3 Mercantile Ventures Limited, Independent Director 4. India Radiators Limited, Independent Director
Ms. Sashikala Srikanth (01678374) Non-Executive Independent	6	2	4	1 Sicagen India Limited, Independent Director 2 Tamilnadu Petroproducts Limited, Independent Director 3 Manali Petrochemicals Limited, Independent Director 4 Mercantile Ventures Limited, Independent Director
Brig.(Retd) Harish Chandra Chawla (00085415) Non-Executive Independent	1		1	1. Manali Petrochemicals Limited, Independent Director
Mr. Sumanjit Chaudhry (06752672) Non-Executive Independent	1	-	-	--
Mr. S Radhakrishnan (00061723) Non-Executive Independent	2	-	1	Sicagen India Limited, Independent Director
Mr. S R Ramakrishnan (00120126) Whole-Time Director Professional	1	-	1	Sicagen India Limited, Director

* 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.

** Indicates positions held in Audit Committee and Stakeholders' Relationship Committee.

Figures mentioned in brackets indicate the number of companies in which the Director is Chairman across all listed entities.

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 2019, Mr. Ashwin C Muthiah – Non-Executive Director/ Chairman is holding 45,450 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 Board of Directors in their opinion confirm that the Independent Directors fulfill the conditions specified in Schedule V (2) (i) SEBI (LODR) Regulations, 2015 and are Independent of the Management.

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

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

- o 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;
- o Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- o Review the adequacy of the internal control systems;
- o Review with the Management, the quarterly, half-yearly and annual financial statements before submission to the Board of Directors;
- o Review and monitor the auditor's independence and performance and effectiveness of audit process;
- o Review the adequacy of the internal audit function, reporting structure coverage and frequency of internal audit;
- o Discussion with internal auditors of any significant findings and follow up there on;
- o Approval or any subsequent modification of transactions of the Company with related parties;
- o Scrutiny of inter-corporate loans and investments;
- o Valuation of undertakings or assets of the Company, wherever it is necessary;
- o Evaluation of internal financial controls and risk management systems;
- o Review the functioning of the Whistle Blower Mechanism;
- o 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;
- o Review the findings of any internal investigations by the internal auditors and report the matter to the Board of Directors;
- o Review the Company's financial and risk management policies; and
- o 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 17th May 2018, 7th August 2018, 23rd October 2018, 12th February 2019 and 27th March 2019. 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	5	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. [TO REVIEW]

TERMS OF REFERENCE

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity and
- 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 3 (Three) 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 thrice on 23rd October 2018, 12th February 2019 and 27th March 2019.

Name	Designation	No. of Meetings attended	Category
Mr. B Narendran	Chairman	3	Independent
Mr. Ashwin C Muthiah	Member	3	Non-Executive
Mr. S Shankar	Member	1	Independent

5. 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.17th May 2018,7th August 2018, 23rd October 2018, 17th December 2018, 12th February 2019 and 27th March 2019.

Name	Designation	No of Meetings attended	Category
Mr. B Narendran	Chairman	6	Independent
Mr. S Shankar	Member	3	Independent
Mr. S R Ramakrishnan	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 2019.

Mr. M B Ganesh, Secretary, is the Compliance Officer of the Company.

6 RISK MANAGEMENT COMMITTEE:

The Company has a Risk Management Committee consisting of three Members viz., Mr. T K Arun, Director, Mr. S R Ramakrishnan, Whole-time Director and Mr S Radhakrishnan 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.

7 DIRECTORS' REMUNERATION DURING 2018-19

Name	Salary & Perquisites (*)	Special Allowance Paid/ Payable	Performance Pay	Sitting Fees
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Mr. Ashwin C Muthiah	-	-	-	2,50,000
Mr S Viskan I A S **	-	-	-	1,50,000
Mr. Arun Roy I A S **	-	-	-	--
Mr. T K Arun	-	-	-	2,50,000
Mr. B Elangovan **	-	-	-	2,00,000
Mr. S Shankar	-	-	-	1,50,000
Mr. B Narendran	-	-	-	2,50,000
Brig. (Retd.) Harish Chandra Chawla	-	-	-	2,50,000
Ms. Sashikala Srikanth	-	-	-	2,50,000
Mr. Sumanjit Chaudhry	-	-	-	2,50,000
Mr S Radhakrishnan	-	-	-	2,50,000
Mr. S R Ramakrishnan	50,51,700	5,94,300	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.

Note: As per Regulation 17 (1A) of LODR effective 1st April 2019 no listed entity shall continue the directorship of Non-Executive Director beyond the age of 75 years unless a special resolution is passed. Mr S. Shankar, Independent Director attained the age of 75 on 8th May 2018 during his tenure which is upto 7th September 2019. He has therefore, expressed his desire not to continue beyond 31st March 2019.

8. List of core skills/expertise/competencies identified by the Board of Directors as required in the context of its Business and Sector for it to function effectively and actually available with the Board:

Major Classification	Sub Classification	Remarks
Industry	Specific Skills	Knowledge about the Fertiliser business and industry and the issues specific to the Company.
	Professional	Technical/ Marketing/Financial skills and specialist knowledge about the Company, its market, process, operations, etc. ability to analyze the financial statements presented, assess the viability of various financial proposals, oversea funding arrangements and budgets
Strategy & Policy	Strategy	Ability to identify and critically assess strategic opportunities and threats to the business. Guiding development of strategies to achieve the overall goals
	Policies	Guidance for development of policies and other parameters within which the Company should operate for better control and management
	Crisis Management	Ability to guide crisis management and provide leadership in hours of need.
Risk & Compliance	Operational	Identification of risks related to each area of operation
	Regulatory	Monitor the risks and compliances and knowledge of regulatory requirements
Management & Leadership	Behavioral	Attributes and competencies to use the skills for the effective growth of the company. Experience in organizational change management programmes.
	Leadership	Make decisions and take necessary actions for implementation thereof in the best interest of the organization. Analyze issues and contribute at board level to solutions
Board Conduct	Contribution	Participate actively in the matters discussed and contribute effectively at the meetings. Help in arriving at unanimous decisions in the event of difference of opinions.
Personal	Qualification and experience	Having formal education, well qualified to possess the skills and competencies outlined above and previous experience as Member of Board or senior management positions in corporates.

9. ANNUAL GENERAL MEETINGS

Year	Date	Time	Venue
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
2018	7 August 2018	2.30 P.M.	Rajah Annamalai Mandram, Chennai 600 108

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

20 September 2016	To make investments by way of subscription, purchase or otherwise, the securities of any body corporate upto an aggregate amount not exceeding Rs. 75 lakhs.
26 July 2017	• To make investment in M/s. Greenam Energy Private Limited upto an aggregate amount not exceeding Rs. 12 crores. • 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. • 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 Rs.29.81 crore.

7 August 2018	• To make investment in M/s Tuticorin Alkali Chemicals Fertilizers Limited to tune of Rs.46.85 Crores arising out of conversion of outstanding loans aggregating to Rs 29.81 Crores, and 20,00,000 5% Redeemable Cumulative Preference Shares of Rs 100/- each • To provide security by way of pledge of equity shares held / to be held in Greenam Energy Private Limited in favour of Indian Renewable Energy Development Agency Limited for a value not exceeding Rs 12 crores.

No Resolution was passed through Postal Ballot during 2018-19.

10. 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.

11. GENERAL SHAREHOLDERS' INFORMATION

(a)	**DATE, TIME AND VENUE OF ANNUAL GENERAL MEETING**	:	8th August 2019 at 11.15 A.M. at Rajah Annamalai Mandram, Chennai 600 108
(b)	**FINANCIAL YEAR**	:	1st April 2018 to 31st March 2019
(c)	**DATES OF BOOK CLOSURE**	:	2nd August 2019 to 8th August 2019
(d)	**DIVIDEND DECLARED**	:	NIL
(e)	**LISTING ON STOCK EXCHANGES**	:	National Stock Exchange of India Limited, [Stock Symbol /Code SPIC]

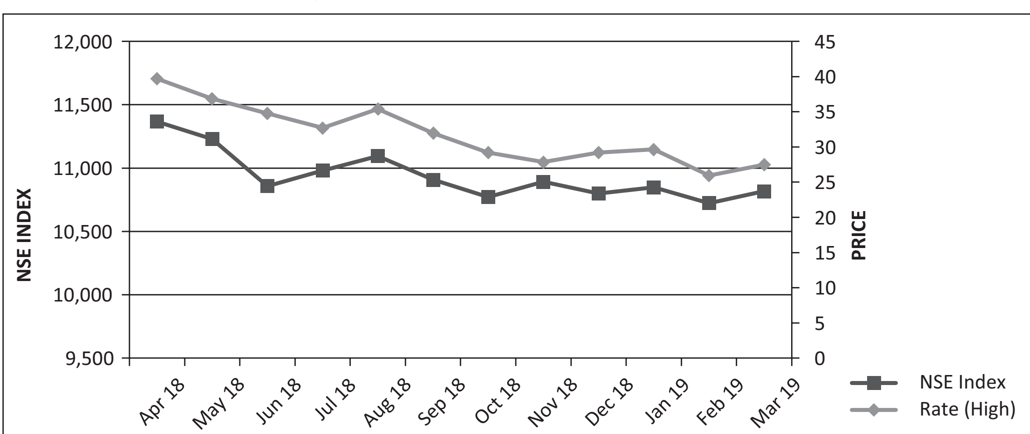
The Global Depository Receipts (GDRs) of the Company which are listed in the Luxembourg Exchange (Code: US8436131002) of Luxembourg Stock Exchange. The Company paid the listing fees for the financial year 2018-19 to both NSE and Luxembourg Stock Exchange.

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

(f) **MARKET/SHARE PRICE DATA (in Rs.)**

Month	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-19	Dec-18	Jan-19	Feb-19	Mar-19
High	39.70	36.85	34.75	32.70	35.40	31.95	29.20	27.85	29.20	29.65	25.95	27.50
Low	33.60	31.10	24.45	26.65	28.70	25.35	22.90	25.05	23.40	24.285	22.00	23.70
NSE Index	10739.35	10736.15	10714.30	11356.50	11676.80	10930.45	10386.60	10876.75	10862.55	10830.95	10792.50	11623.90

(g) **PERFORMANCE OF SPIC'S EQUITY SHARES VIS-A-VIS THE NSE NIFTY 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. 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 31st MARCH 2018

Sl. No	Shares Range	No. of Shares held	% to paid up Capital	No. of Members	% to total Members
1	Up to 500	8038244	3.95	54,959	83.22
2	501-1000	4676639	2.30	5,517	8.35
3	1001-2000	4158071	2.04	2,631	3.98
4	2001-3000	2551870	1.25	965	1.46
5	3001-4000	1543472	0.76	424	0.64
6	4001-5000	2178211	1.07	451	0.68
7	5001-10000	4249221	2.09	563	0.85
8	10001 and above	176244608	86.54	532	0.81
	Total	**203640336**	**100.00**	**66,042**	**100.00**

(j) SHAREHOLDING PATTERN AS OF 31st MARCH 2019

Particulars	Equity shares held	% to paid-up capital
PROMOTERS:		
TIDCO	88,40,000	4.34
Dr M A Chidambaram Group	8,98,05,488	44.10
Financial Institutions & Nationalised Banks	47,41,869	2.33
The Bank of New York Mellon (as depository for Global Depository Receipts)	1,67,91,800	8.25
Foreign Institutional Investors	8,150	0.00
Non-Resident Individuals	10,95,389	0.54
Foreign Companies	39,800	0.02
Mutual Funds	10,800	0.00
Public & Others	8,23,07,040	40.42
Total	**20,36,40,336**	**100.00**

(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. 19,94,73,928 equity shares constituting 97.95 per cent of the paid-up equity capital of the Company stood dematerialised as on 31 March 2019. 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 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;	1,735 shareholders holding 1,82,995 eq. shares
b	Number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	5
c	Number of shares transferred from suspense account during the year;	1575
d	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	1730 shareholders holding 1,81,420 eq. shares

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

(o) 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.

(p) 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.

(q) There were no complaints filed during the Financial Year 2018-19 under Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013

(r) No Funds were raised through preferential allotment or QIP as specified under Regulation 32 (7A)

(s) The Credit rating for proposed fund based working capital limits was revised to IND BBB from IND BBB minus during the year 2018-19.

(t) There are no recommendations of committees of the Board which is mandatorily required and which has not been accepted by the Board.

(u) Total fees paid to the Statutory Auditors for all the services in connection with the audit of the Company is Rs. 25.87 lacs. There are no subsidiary companies

(v) PLANT LOCATION

Fertilizer Division : SPIC Nagar, Tuticorin 628 005

(w) FINANCIAL CALENDAR (TENTATIVE)

Financial year	:	1 April 2019 to 31 March 2020
First quarter results	:	July/August 2019
Half-yearly results	:	October/November 2019
Third quarter results	:	January/February 2020
Annual results	:	May 2020
49th Annual General Meeting	:	August / September 2020

(x) ADDRESS FOR CORRESPONDENCE

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

12 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

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 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.

16 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.

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 2019.

For Southern Petrochemical
Industries Corporation Limited

Place : Chennai
Date : May 23, 2019

S R RAMAKRISHNAN
Whole-time Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Southern Petrochemical Industries Corporation Limited,
“Spic House”, 88 Mount Road,
Guindy, Chennai – 600 032

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Southern Petrochemical Industries Corporation Limited having CIN L11101TN1969PLC00577 8 and having registered office at “Spic House”, 88 Mount Road, Guindy, Chennai - 600 032 (hereinafter referred to as ‘the Company’), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

Name of Director	DIN	Date of appointment in Company
Sivathanu Pillai Radhakrishnan	00061723	07/02/2018
Harish Chandra Chawla	00085415	08/09/2014
Sllaipillayarputhur Ramachandran Ramakrishnan	00120126	30/07/2014
Elangovan Balakrishnan	00133452	28/07/2009
Ashwin Muthiah Chidambaram	00255679	18/12/1994
Bhimsingh Narendran	01159394	27/01/2009
Sashikala Srikanth	01678374	08/09/2014
Arun Roy Vjjayakrishnan	01726117	23/10/2018
Thanjavur Kanakaraj Arun	02163427	07/02/2018
Sumanjit Chaudhry	06752672	10/02/2015
Subraman Iam Shankar	06591908	29/05/2013
Visakan	06578414	13/06/2018

Ensuring the eligibility of for the appointment I continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:
Name of Company Secretary in Practice : B.CHANDRA
ACS No. : 20879
C P No. : 7859

Place : Chennai
Date : 23 05 2019

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

We 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, 2019 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

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

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.

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.

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.

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

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, 2019, 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.

MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

STANDALONE FINANCIAL STATEMENTS 2018-19

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

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the Note no: 30 (iii) of the standalone financial statements regarding computation of subsidy revenue 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 it's consequential impact on subsidy revenue and receivables 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.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc., but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

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

In addition to the matter described in the Emphasis of matter paragraph on subsidy revenue, we have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note 2 (vii) 'Revenue recognition' to the standalone financial statements. Revenue from sale of goods is recognised when the control of goods is transferred to the customers. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.	We have performed the following principal audit procedures in relation to each material revenue stream recognized: • Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls including relevant information technology controls relating to revenue recognised. • We performed substantive procedures on a sample of transactions for each revenue stream from source data through to general ledger to test that appropriate revenue recognition had been applied. • We performed other substantive, transactional testing and analytical procedures to validate the recognition of revenue throughout the year. • We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. • Tested that the revenue recorded is after considering the applicable rebates and discounts. • Tested sample transactions around the period end to ensure they were recorded in the correct period; and • Tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

We give in "Annexure A" a detailed description of Auditors' responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

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

2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2019 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.
   (g) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 32 to the standalone financial statements;
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2019

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) Some of the fixed assets (Property, Plant and Equipment) 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.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

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 Act, in respect of Investments. The Company has not given any loans, guarantees or securities.

v. In our opinion and According to the information and explanations given to us, the Company has not accepted any deposits falling under the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder and hence reporting under clause (v) of the Order is not applicable.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as 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 and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. In Lakhs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	54.03	1999-2000 to 2012-13	Commissioner of Central Excise (Appeals)/ Customs, Excise and Service Tax appellate Tribunal
The Finance Act, 1994	Service tax	374.42	2010-11 to 2014-15	Customs, Excise and Service Tax appellate Tribunal
The Sales Tax Act under various state enactments	Local Sales Tax	828.02	1996-97 to 2012-13	Deputy commissioner (Appeals)/ Additional Commissioner (Appeals)/ Sales Tax Appellate Tribunal / Hon'ble Madras high court and high court of Telengana and Andhra Pradesh

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company does not have any loans or borrowings from financial Institutions and has not issued any debentures.

ix. In our opinion, according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

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
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

ANNEXURE C TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

[Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to standalone financial statements of Southern Petrochemical Industries Corporation Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 internal financial controls with reference to standalone financial statements 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls With Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

Balance Sheet as at 31 March 2019

(₹ in lac)

S. No.	Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
A	**ASSETS**			
1	**Non - current assets**			
	(a) Property, Plant & Equipment	4 (i)	**22995.67**	24437.33
	(b) Capital work-in-progress		**6900.91**	3546.41
	(c) Investment Property	5	**129.18**	132.65
	(d) Other Intangible assets	4 (ii)	**137.88**	106.71
	(e) Financial assets			
	i) Non - current Investments			
	Investments in Associate	6 (A)	**3520.86**	267.21
	Investments in Joint Venture	6 (B)	**1980.47**	1980.47
	Other Equity Investments	6 (C)	**1028.94**	1257.61
	Other investments	6 (D)	**1.00**	1.00
	ii) Other financial assets	7 (A)	**287.10**	199.49
	(f) Deferred tax asset (Net)	34	**10408.60**	10204.78
	(g) Income tax assets (Net)		**16.40**	555.25
	(h) Other non - current assets	8	**4608.70**	4624.78
	Total Non - Current Assets		**52015.71**	47313.69
2	**Current assets**			
	(a) Inventories	9	**18785.36**	18874.62
	(b) Financial assets			
	i) Trade receivables	10	**1764.96**	4745.27
	ii) Cash and cash equivalents	11 (A)	**7240.52**	334.01
	iii) Bank balances other than ii) above	11 (B)	**468.68**	424.65
	iv) Other financial assets	7 (B)	**107000.31**	52729.46
	(c) Other current assets	12	**13919.24**	19173.34
	Total Current Assets		**149179.07**	96281.35
	TOTAL ASSETS		**201194.78**	143595.04
B	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share capital	13	**20364.03**	20364.03
	(b) Other Equity	14	**14419.67**	10203.43
	Total Equity		**34783.70**	30567.46
2	**LIABILITIES**			
	Non - current liabilities			
	(a) Financial Liabilities			
	(i) Non - current Borrowings	15	**12865.50**	16275.00
	(ii) Other financial Liabilities	16 (A)	**2888.69**	2931.08
	Total Non - Current Liabilities		**15754.19**	19206.08
3	**Current liabilities**			
	(a) Financial Liabilities			
	i) Current Borrowings	17	**23760.56**	10003.69
	ii) Trade payables	18		
	- Total outstanding dues to Micro Enterprises and Small Enterprises		**-**	-
	- Total outstanding dues to other than Micro Enterprises and Small Enterprises		**120872.95**	73906.37
	iii) Other financial liabilities	16 (B)	**3813.64**	3953.67
	(b) Provisions	19	**389.34**	322.45
	(c) Other current liabilities	20	**1820.40**	5635.32
	Total Current Liabilities		**150656.89**	93821.50
	Total liabilities		**166411.08**	113027.58
	TOTAL EQUITY AND LIABILITIES		**201194.78**	143595.04
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

ASHWIN C MUTHIAH
Chairman
DIN: 00255679

GEETHA JEYAKUMAR
Partner
Membership No: 029409

SASHIKALA SRIKANTH
Director
DIN: 01678374

S R RAMAKRISHNAN
Whole-Time Director
DIN: 00120126

Place : Chennai
Date : 23 May 2019

K R ANANDAN
Chief Financial Officer

M B GANESH
Secretary

Statement of Profit and Loss for the year ended 31 March 2019

(₹ in lac)

S. No.	Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
	Income			
1	Revenue from operations	21	**259195.80**	199445.80
2	Other income	22	**2146.07**	492.15
3	**Total income (1+2)**		**261341.87**	199937.95
4	**Expenses**			
	(a) Cost of materials consumed	23	**152210.98**	103265.21
	(b) Purchases of stock-in-trade	24	**3581.41**	1637.45
	(c) Changes in inventories of finished goods, stock in trade and work-in-progress	25	**3987.75**	1501.72
	(d) Excise duty on sale of goods		**-**	85.01
	(e) Employee benefits expense	26	**6196.82**	5280.83
	(f) Finance costs	27	**3567.35**	4087.89
	(g) Depreciation and amortisation expense	4	**3205.72**	4011.29
	(h) Other expenses	28	**83257.69**	76590.53
	Total expenses		**256007.72**	196459.93
5	**Profit before exceptional items and tax (3 - 4)**		**5334.15**	3478.02
6	Exceptional items	29		
	- Profit on sale of land		**-**	244.53
7	**Profit before tax (5 + 6)**		**5334.15**	3722.55
8	**Tax expense**			
	Current tax relating to prior years		**97.97**	6604.50
	Less: MAT Credit Entitlement		**(97.97)**	(6604.50)
	Net tax expense		**-**	-
9	**Profit after tax (7 - 8)**		**5334.15**	3722.55
10	**Other comprehensive income / (Loss)**			
	i) Items that will not be reclassified to profit or loss			
	a) Effect of measuring investments at fair value through OCI		**(1058.48)**	(68.82)
	b) Remeasurement of defined benefit plans	33	**(165.28)**	30.93
	ii) Income tax relating to items that will not be reclassified to profit or loss		**105.85**	13.76
	Total Other comprehensive loss		**(1117.91)**	(24.13)
11	**Total comprehensive income (9+10)**		**4216.24**	3698.42
12	**Earnings Per Equity Share (Nominal value per share ₹ 10/-)**	37		
	Basic & Diluted		**2.07**	1.82
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

ASHWIN C MUTHIAH
Chairman
DIN: 00255679

GEETHA JEYAKUMAR
Partner
Membership No: 029409

SASHIKALA SRIKANTH
Director
DIN: 01678374

S R RAMAKRISHNAN
Whole-Time Director
DIN: 00120126

Place : Chennai
Date : 23 May 2019

K R ANANDAN
Chief Financial Officer

M B GANESH
Secretary

Statement of changes in equity for the year ended 31 March 2019

(A) Equity share capital:

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

	No. of shares	₹ In lac
As at 31 March 2018 (Refer Note 13)	203640336	20364.03
As at 31 March 2019 (Refer Note 13)	**203640336**	**20364.03**

(B) Other equity: (₹ in lac)

Particulars	Reserves and surplus					Items of other comprehensive income		Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Statutory Reserve	Retained earnings	Effect of measuring investments at fair value through OCI	Remeasurement of defined benefit plans	
Balance as at 1 April 2017	97.24	6500.00	21047.71	41.33	(21381.39)	278.18	(78.06)	6505.01
Profit for the year	-	-	-	-	3722.55	-	-	3722.55
Other comprehensive income / (loss)	-	-	-	-	-	(55.06)	30.93	(24.13)
Total other comprehensive income for the year	-	-	-	-	3722.55	(55.06)	30.93	3698.42
Balance as at 31 March 2018	97.24	6500.00	21047.71	41.33	(17658.84)	223.12	(47.13)	10203.43
Balance as at 1 April 2018	**97.24**	**6500.00**	**21047.71**	**41.33**	**(17658.84)**	**223.12**	**(47.13)**	**10203.43**
Profit for the year	**-**	**-**	**-**	**-**	**5334.15**	**-**	**-**	**5334.15**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(952.63)**	**(165.28)**	**(1117.91)**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**5334.15**	**(952.63)**	**(165.28)**	**4216.24**
Balance as at 31 March 2019	**97.24**	**6500.00**	**21047.71**	**41.33**	**(12324.69)**	**(729.51)**	**(212.41)**	**14419.67**

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

In terms of our report attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

GEETHA JEYAKUMAR
Partner
Membership No: 029409

Place : Chennai
Date : 23 May 2019

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 2019

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit for the year before tax		**5334.15**		3722.55
	Adjustment for :				
	Depreciation and amortisation expense	**3205.72**		4011.29	
	Assets Written off	**9.23**		-	
	Profit on sale of assets	**(2.84)**		(0.99)	
	Provision for non-moving inventories	**24.41**		-	
	Allowances for doubtful debts and advances	**0.80**		0.41	
	Provisions no longer required written back	**(56654.03)**		(152.15)	
	Bad debts and advances written off	**318.91**		-	
	Investment written off	**55989.64**		-	
	Exchange difference Gain	**(0.05)**		(685.93)	
	Finance Costs	**3567.35**		4087.89	
	Income from investments	**(79.72)**		(3.87)	
	Interest income	**(774.75)**		(179.97)	
			5604.67		7076.68
	Operating profit before working capital changes		**10938.82**		10799.23
	Adjustments for (Increase) / Decrease in:				
	Trade receivables	**2980.51**		4410.68	
	Inventories	**64.85**		4176.22	
	Non current financial assets	**(87.61)**		12451.29	
	Other Non - current assets	**1545.16**		(119.16)	
	Current financials assets	**(54119.56)**		(17937.16)	
	Other current assets	**5254.10**		(17776.41)	
	Adjustments for Increase / (Decrease) in:				
	Other non - current financial liabilities	**300.03**		289.98	
	Trade payables	**46966.62**		37560.46	
	Other current financial liabilities	**(3590.05)**		3346.74	
	Other current liabilities	**(3980.20)**		2498.25	
	Short - term provisions	**66.89**		(89.91)	
	Deferred tax asset	**(97.97)**		(6604.50)	
			(4697.23)		22206.48
	Cash from operations		**6241.59**		33005.71
	Direct taxes refund / (paid)		**538.85**		(50.86)
	NET CASH FROM OPERATING ACTIVITIES		**6780.44**		32954.85

Cash Flow Statement (Continued)

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	**(5161.30)**		(3731.91)	
	Movement in capital advance	**(1526.22)**		(481.30)	
	Proceeds from sale of Property, Plant and Equipment	**8.66**		102.96	
	Income from investments	**79.72**		3.87	
	Purchase of Investment	**(4088.73)**		(21.40)	
	Sale of Investment	**5.28**		-	
	Interest income	**622.65**		186.11	
	Movement in Bank balances other than cash and cash equivalents	**(44.03)**		(33.78)	
			(10103.97)		(3975.45)
	NET CASH USED IN INVESTING ACTIVITIES		**(10103.97)**		(3975.45)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from long term borrowings	**-**		12865.50	
	Proceeds from short tem borrowings (net)	**13574.83**		(40346.69)	
	Finance Costs	**(3344.79)**		(1522.65)	
			10230.04		(29003.84)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**10230.04**		(29003.84)
	NET CASH FLOWS DURING THE YEAR (A+B+C)		**6906.51**		(24.44)
	Cash and cash equivalents at the beginning of the year		**334.01**		358.45
	Cash and cash equivalents at the end of the year		**7240.52**		334.01
			(6906.51)		24.44
	Cash and cash equivalents comprise (Refer note 11)				
	Balances with banks				
	Cash on hand		**3.72**		4.03
	With the Banks		**7236.80**		329.98
	Total cash and bank balances at end of the year		**7240.52**		334.01
	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.

Disclosure of non cash transaction

(₹ in lac)

Particulars	For the year 2018-19	For the year 2017-18
Increase of investment in Tuticorin Alkali Chemicals and Fertlizers Limited through conversion of preference shares and other dues to equity shares	**2000.00**	-
Increase in investment in :		
Mercantile Ventures Limietd	**784.08**	-
South India Travels Private Limited	**50.96**	-
Total	**2835.04**	**-**

In terms of our report attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

GEETHA JEYAKUMAR
Partner
Membership No: 029409

Place : Chennai
Date : 23 May 2019

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

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 Preparation and Presentation:

The financial statements have been prepared on a historical cost convention on accrual basis, except for the below material item 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 non - current 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 (PPE) 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 PPE 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.

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 off 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 de - recognition.

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 biennial evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

iv) Intangible Assets:

Intangible assets are stated at acquisition cost, net off 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 lives of intangible assets – Software is 5 Years.

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 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:

The Company earns revenue primarily from sale of Urea. Effective April 1, 2018, the Company has applied Ind AS 115, Revenue from Contracts with Customers, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 “Revenue” and Ind AS 11 “Construction Contracts”. The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 01, 2018). The impact of adoption of the standard on the financial statements of the company is insignificant.

Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as per the contract with the customer. Revenue also excludes taxes collected from customers.

Under the New Pricing Scheme for Urea, the Government of India reimburses, in the form of subsidy, to the Fertilizer Industry based on the Retention Price computed on the lower of Naptha or Regasified Liquefied Natural Gas (RLNG) price. 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 revenue 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 the 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized 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 recognize 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 an 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 off 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 inflows 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 (EIR) method.

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 FVTOCI. Movements in the carrying amount are taken through Other Comprehensive Income (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 EIR 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 instruments 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 OCI 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 Profit & Loss, 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 10 (Ten) 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 6.

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 months 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.

De - recognition:

A financial asset is de - recognized 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 off 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.

De - recognition:

A financial liability is de - recognized 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 de - recognition 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.

Re - measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re - measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re - classified 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 off 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 recognized 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 contract, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date of 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.

xxiii) Functional and presentation currency:

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

<u>Standards (including amendments) issued but not yet effective:</u>

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS's which the Company has not applied as they are effective from April 1, 2019:

a. Ind AS 116 – Leases:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the company will recognise a lease liability measured at the present value of the remaining lease payments. The right - of - use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date but discounted using the lessee’s incremental borrowing rate as at April 1, 2019. In accordance with the standard, the company will elect not to apply the requirements of Ind AS 116 to short - term leases and leases for which the underlying asset is of low value. On transition, the company will be using the practical expedient provided by the standard. The company is currently evaluating the effect in the adoption of this standard.

b. **Ind AS 12 - Income taxes (amendments relating to uncertainty over income tax treatments and income tax consequences on dividend distribution):**

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit tax loss, tax bases, unused tax losses, unused tax credits and tax rates.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of Ind AS 12 amendments are annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is currently evaluating the effect of this amendment on the financial statements.

c. **Ind AS 19 - Plan amendment, curtailment or settlement (Amendment):**

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re - measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The company does not expect this amendment to have any significant impact on its financial statements.

d. **Ind AS 23 – Borrowing Costs (Amendment):**

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 23, Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not have any impact from this amendment.

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 has 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 33.

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: Property, Plant & Equipment and Other Intangible Assets:

(₹ in lac)

Particulars	Gross block				Accumulated depreciation and amortization				Net block	
	Opening Balance as at 1 April 2018	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2019	Opening Balance as at 1 April 2018	Depreciation Expense	Deletions/ Adjustments	Closing Balance as at 31 March 2019	As at 31 March 2019	As at 31 March 2018
(i) Tangible Assets (Owned)										
(a) Land										
- Freehold	4714.48	1115.25	-	**5829.73**	**-**	-	-	**-**	**5829.73**	4714.48
(b) Buildings	3288.79	52.37	-	**3341.16**	**322.22**	164.24	-	**486.46**	**2854.70**	2966.57
(c) Plant and Equipment	19423.09	384.93	65.35	**19742.67**	**4020.55**	2690.36	56.45	**6654.46**	**13088.21**	15402.54
(d) Furniture and Fixtures	60.64	2.23	-	**62.87**	**9.94**	5.24	-	**15.18**	**47.69**	50.70
(e) Vehicles	141.99	44.44	38.33	**148.10**	**13.01**	24.74	32.51	**5.24**	**142.86**	128.98
(f) Office equipments	2062.50	147.67	6.61	**2203.56**	**1191.84**	254.16	6.29	**1439.71**	**763.85**	870.66
(g) Roads	74.55	-	-	**74.55**	**41.65**	20.95	-	**62.60**	**11.95**	32.90
(h) Railway Sidings	298.14	-	-	298.14	27.64	13.82	-	41.46	256.68	270.50
Total	**30064.18**	**1746.89**	**110.29**	**31700.78**	**5626.85**	**3173.51**	**95.25**	**8705.11**	**22995.67**	**24437.33**
(ii) Other Intangible Assets	129.98	59.91	-	**189.89**	**23.27**	28.74	-	**52.01**	**137.88**	106.71

Previous year:

(₹ in lac)

Particulars	Gross block				Accumulated depreciation and amortization				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	Depreciation Expense	Deletions/ Adjustments	Closing Balance as at 31 March 2018	As at 31 March 2018	As at 31 March 2017
(i) Tangible Assets (Owned)										
(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**	**270.51**	284.32
Total	**28353.92**	**2365.74**	**655.48**	**30064.18**	**2225.81**	**3984.55**	**583.51**	**5626.85**	**24437.33**	**26128.11**
(ii) Other Intangible Assets	-	129.98	-	**129.98**	-	23.27	-	**23.27**	**106.71**	-

Depreciation Expense:

(₹ in lac)

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
(i) Property, Plant & Equipment	**3173.51**	3984.55
(ii) Investment Property	**3.47**	3.47
(iii) Other Intangible Assets	**28.74**	23.27
Total	**3205.72**	4011.29

Note 5: Investment Property:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Carrying amount of		
Completed investment property	**129.18**	132.65
Total	**129.18**	132.65

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Cost or Deemed cost		
Balance at the beginning of the year	**139.59**	139.59
Additions	**-**	-
Balance at the end of the year	**139.59**	139.59
Accumulated depreciation and impairment		
Balance at the beginning of the year	**6.94**	3.47
Depreciation expense	**3.47**	3.47
Balance at the end of the year	**10.41**	6.94

Note 5.1: Fair value of the Company's investment property:

The fair value of the property is Rs.316.96 lac (Rs.316.96 lac), as per valuation performed by M/s. Anbusivam Valuers., an accredited independent valuer in the previous year. M/s. Anbusivam Valuers is a specialist in valuing these types of investment properties. The Management feels there wont by any significant change in valuation for current year. The valuation will be biennial.

Fair value was derived using the market comparable approach based on recent market / Government guideline prices without any significant adjustments being made to the market observable data. In estimating the fair value of the property, the current use is considered as the highest and best use.

Note 5.2 : Information regarding income and expenditure of Investment property:

(₹ in lac)

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Rental income derived from investment properties	**15.78**	10.48
Direct operating expenses (including repairs and maintenance) generating rental income	**-**	-
	15.78	10.48
Less – Depreciation	**(3.47)**	(3.47)
Profit arising from investment properties before indirect expenses	**12.31**	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 6: Non - Current Investments:

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
A	**Invesments in Associates at cost**		
1.	**Quoted Investments in equity instruments**		
	- Tuticorin Alkali Chemicals and Fertilizers Limited (Refer Note 6(ii) (d) below) 5,35,30,113 (66,80,113) Equity Shares of ₹ 10 each, fully paid up	**6620.67**	1935.67
	Provision for Diminution in Investment value	**(3668.46)**	(1668.46)
	Total Aggregate Quoted Investments (1)	**2952.21**	267.21
2.	**Unquoted investments**		
a)	**Investments in equity instruments**		
	- Gold Nest Trading Company Limited		
	2,49,000 (2,49,000) Equity Shares of Rs. 100 each, fully paid up	**250.25**	250.25
	Provision for Diminution in Investment value	**(250.25)**	(250.25)
	-Greenam Energy Private Limited (Refer Note 6 (ii) (b) below)		
	56,86,502 (2) Equity Shares of Rs. 10 each, fully paid up	**568.65**	0.00
b)	**Investment in preference shares**		
	- Tuticorin Alkali Chemicals and Fertilizers Limited		
	Nil (20,00,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up	**-**	2000.00
	Provision for Diminution in Investment value	**-**	(2000.00)
	Total Aggregate Unquoted Investments (2)	**568.65**	-
	Total Investments in associates (1) + (2)	**3520.86**	267.21
B	**Investments in Joint Ventures at cost**		
1.	**Quoted Investments in equity instruments**		
	- Tamilnadu Petroproducts Limited		
	1,52,34,375 (1,52,34,375) Equity Shares of Rs. 10 each	**1980.47**	1980.47
	Total Aggregate Quoted Investments (1)	**1980.47**	1980.47
2.	**Unquoted Investments in equity instruments**		
	- National Aromatics and Petrochemicals Corporation Limited		
	25,000 (25,000) Equity Shares of Rs. 10 each	**2.50**	2.50
	Provision for Diminution in Investment value	**(2.50)**	(2.50)
	Total Aggregate Unquoted Investments (2)	**-**	-
	Total Investments in joint ventures (1) + (2)	**1980.47**	1980.47
C	**Other Equity Investments carried at FVTOCI**		
1.	**Quoted Investments in equity instruments**		
	Investments in equity		
	- Manali Petrochemicals Limited		
	10,000 (10,000) Equity shares of Rs. 5 each, fully paid up	**2.52**	3.36
	- State Bank of India		
	9,660 (9,660) Equity Shares of Rs.1 each, fully paid up	**30.98**	24.14
	- ICICI Bank Limited		
	2,106 (2,106) Equity Shares of Rs. 2 each, fully paid up	**8.43**	5.86
	- Mercantile Ventures Limited (Refer Note 6 (ii) (e) below)		
	1,50,28,000 (92,20,000) Equity Shares of Rs. 10 each, fully paid up	**748.40**	963.49
	- SICAGEN India Limited		
	5,77,681 (5,77,681) Equity Shares of Rs. 10 each, fully paid up	**138.93**	206.81
	Total Aggregate Quoted Investments (1)	**929.26**	1203.66
2.	**Unquoted investments**		
	Investments in equity		
	- SPIC Petrochemicals Limited (Refer 6 (i) below)		
	Nil (25,37,50,009) Equity Shares of Rs. 10 each, fully paid up	**-**	25375.00
	Provision for Diminution in Investment value	**-**	(25375.00)

Note 6: Non - Current Investments (continued):

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
	- Biotech Consortium India Limited		
	2,50,000 (2,50,000) Equity Shares of Rs. 10 each, fully paid up	**25.00**	25.00
	- Chennai Willington Corporate Foundation		
	50 (50) Equity Shares of Rs. 10 each costing Rs. 450, fully paid up	**0.00**	0.00
	- OPG Power Generation Private Limited (Refer Note 6 (ii) (a) below)		
	2,08,800 (2,54,700) Equity Shares of Rs.10, fully paid up	**23.67**	28.95
	- R K Wind Farms (Karur) Private Limited (Refer Note 6 (ii) (c) below)		
	456 (Nil)Equity shares of Rs.10, fully paid up	**0.05**	-
	- South India Travels Private Limited (Refer Note 6 (ii) (e) below)		
	5,09,575 (Nil) Equity Shares of Rs. 10 each, fully paid up	**50.96**	-
	Total Aggregate Unquoted Investments (2)	**99.68**	53.95
	Total Other equity Investments (1) + (2)	**1028.94**	1257.61
D	**Other Investments carried at FVTOCI**		
1.	**Investments in Preference Shares**		
	- SPIC Petrochemicals Limited (Refer Note 6 (i) below)		
	Nil(5,000) 8% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each, fully paid up	**-**	5.00
	Provision for Diminution in Investment value	**-**	(5.00)
	Total Aggregate Unquoted Investments in preference shares (1)	**-**	-
2.	**Investment in bonds - fully paid up**		
	- SPIC Petrochemicals Limited* (Refer Note 6 (i) 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.	**-**	30609.63
	Provision for Diminution in Investment value	**-**	(30609.63)
	Total Aggregate Investments in Bond(2)	**-**	-
3.	**Investment in Mutual Funds (all fully paid)**		
	- Canara Robecco Equity Diversified - Growth Plan (formerly known as Canara Robecco Fortune) - 94 units		
	12,760 (12,760) Units of Rs. 10 each	**1.00**	1.00
	Total Aggregate Investments In Mutul Funds (3)	**1.00**	1.00
	Total Other Investments (1) + (2) + (3)	**1.00**	1.00
	Aggregate book value of		
	- a) Quoted investments	**5861.94**	3451.34
	- b) Unquoted investments	**669.33**	54.95
	Aggregate market value of		
	Quoted investments	**8683.12**	9252.89

6 (i): The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994 - 95 for the manufacture of Polyester Filament Yarn and Purified Terepthalic Acid. The Company had invested Rs.25375.00 lac in the equity share capital, Rs.5.00 lac in preference share capital and Rs.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 Honorable Madras High Court ordered the winding up of the Company on 17th April 2009. The Board of Directors of the Company at their meeting dated 12th February 2019 approved the write off of the Investments of Rs.25375.00 lac in the equity share capital, Rs.5.00 lac in preference share capital, Rs.30609.63 lac of Unsecured Zero Interest Bonds and Advances due of Rs.318.91 lac from SPIC Petro, against the provisions made towards the balances in the earlier years and there is no financial impact due to this write off in current year.

6 (ii): During the year:

(a) 45,900 Equity shares of Rs.10 each @ Rs.11.50 per share valuing Rs.5.27 lac, was bought back by OPG Power Generation Private Limited due to reduction in consumption of power, as per Group Captive Scheme of the Government of India under Electricity Rules, 2005 and the balance equity shares held is 2,08,800.

(b) 56,86,500 Equity shares of Rs.10 each at par was allotted to the Company by M/s. Greenam Energy Private Limited (Greenam), a company incorporated for setting up a 25 - 29 MW DC solar power project. The Company has given an undertaken to lenders of Greenam for non - disposal/pledge of equity shares of Greenam so long as any moneys remain due by the Company under the Loan Agreement.

(c) 456 Equity shares of Rs.10/- each at par, aggregating Rs.0.05 lac was allotted to the Company by RK Winds Farms (Karur) Private Limited vide the Share Purchase and Shareholders Agreements entered on 18th February 2019, for purchase and consumption of 600 MW 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.

(d) 4,68,50,000 Equity shares of Rs 10 each, at par, was allotted by Tuticorin Alkali Chemicals and Fertilizers Limited (TFL), an associate of the Company, by way of conversion of 5% Redeemable Cumulative Preference Shares of Rs 100 each amounting to Rs 2000 lac held by the Company and other receivables aggregating Rs 2685 lac. The allotment has been made pursuant to SEBI Order dated 6th September 2018 permitting these conversions. The equity shares are locked - in for such period as per Regulation 167 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The regulatory approvals for the allotment is in process.

(e) 58,08,000 Equity Shares of Rs. 10 each, at a premium of Rs. 3.50 per share of Mercantile Venture Limited for the value of Rs. 784.08 Lakhs and 509,575 Equity Shares of Rs. 10 each of South India Travels Private Limited had received by the Company based on the scheme of arrangement filed by Gold Nest Trading Company Limited. The balance due from Gold Nest Trading Company Limited was written off in the earlier year and hence these amounts were credited to other income during the year.

Note 7: Other financial assets:

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
A	**Other financial assets - Non current**		
	Financial assets carried at amortized cost		
	Deposits		
	Considered good	**287.10**	199.49
	Doubtful	**42.47**	42.34
		329.57	241.83
	Less: Provision for doubtful deposits	**42.47**	42.34
		287.10	199.49
	Loans to employees		
	Considered good	**-**	-
	Doubtful	**5.84**	5.84
		5.84	5.84
	Less: Provision for doubtful loans	**5.84**	5.84
		-	-
	Total	**287.10**	199.49
B	**Other financial assets - current**		
	Financial assets carried at amortized cost		
	Advances to related parties		
	Considered good	**3557.75**	58.86
	Doubtful	**1488.96**	1488.16
		5046.71	1547.02
	Less: Provision for doubtful advance	**1488.96**	1488.16
		3557.75	58.86
	Interest accrued on deposits	**241.11**	89.01
	Insurance claims receivable	**0.08**	0.07
	Subsidy Receivable (Refer Note 17 (i))	**103201.37**	52581.52
	Total	**107000.31**	52729.46

Note 8: Other Non - Current Assets:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits		
Considered good	**1509.75**	3052.05
Doubtful	**88.73**	88.73
	1598.48	3140.78
Less: Provision for doubtful deposits	**88.73**	88.73
	1509.75	3052.05
Advances to employees		
Doubtful	**10.23**	13.21
Less: Provision for doubtful loans and advances	**10.23**	13.21
	-	-
Capital advances	**2135.01**	608.79
Balances with government authorities		
Considered good	**963.94**	963.94
Doubtful	**210.22**	210.22
	1174.16	1174.16
Less: Provision for doubtful balances	**210.22**	210.22
	963.94	963.94
Total	**4608.70**	4624.78

Note 9: Inventories:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials in stock (at cost)	**12404.24**	10254.39
Raw material in - transit (at cost)	**437.92**	-
	12842.16	10254.39
Work in progress in stock (At cost) (Refer Note 9 (i) below)	**299.48**	2005.15
Finished goods in stock (At lower of cost and net realizable value)	**1529.32**	3801.02
Stock in trade	**-**	10.38
Stores and spares including packing material (At cost)	**2099.74**	1705.14
Fuel Oil (at cost)	**2014.66**	1098.54
Total	**18785.36**	18874.62

9 (i): Details of work-in-progress:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Tissue Culture	**195.16**	128.59
Others	**104.32**	1876.56
Total	**299.48**	2005.15

Note 10: Trade receivables:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	**1764.96**	4745.27
Unsecured, considered doubtful	**648.83**	649.03
	2413.79	5394.30
Less: Allowance for doubtful debts	**648.83**	649.03
Total	**1764.96**	4745.27

Note 11 (A): Cash and cash equivalents:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks:		
- In current accounts	**7235.88**	329.11
- In EEFC accounts	**0.92**	0.87
Cash on hand	**3.72**	4.03
Total	**7240.52**	334.01

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

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks:		
- In current accounts	**7235.88**	329.11
- In EEFC accounts	**0.92**	0.87
Cash on hand	**3.72**	4.03
Total	**7240.52**	334.01

Note 11 (B) : Bank balances other than Cash and cash equivalents:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- Balances held as margin money or security against borrowings, guarantees and other commitments	**464.50**	420.45
- Balance in Escrow Account	**4.18**	4.20
Total	**468.68**	424.65

Note 12: Other current assets:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Advances to employees - Considered good	**0.36**	1.60
Other Advances		
Considered good	**54.39**	127.22
Doubtful	**174.21**	493.12
	228.60	620.34
Less: Provision for doubtful advances	**174.21**	493.12
	54.39	127.22
Prepaid expenses	**170.82**	216.23
Balances with government authorities		
Considered good	**12171.30**	18387.81
Doubtful	**37.40**	37.40
	12208.70	18425.21
Less: Provision for doubtful balances	**37.40**	37.40
	12171.30	18387.81
Advances to Suppliers	**1522.37**	440.48
Total	**13919.24**	19173.34

Note 13: Equity Share Capital:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised Share Capital		
31,60,00,000 (31,60,00,000) Equity shares of Rs.10 each	**31600.00**	31600.00
55,00,000 (55,00,000) Redeemable cumulative preference shares of Rs.100 each	**5500.00**	5500.00
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible Preference (FCCP) shares of Rs.18 each	**5400.00**	5400.00
	42500.00	42500.00
Issued, subscribed and fully paid up:		
20,36,40,336 (20,36,40,336) Equity shares of Rs.10 each (Refer note 13 (i) to 13(iv) below)	**20364.03**	20364.03

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

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

Class of shares / Name of shareholders	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
AMI Holdings Private Limited	**37276700**	**18.31**	37276700	18.31
Lotus Fertilizers Private Limited	**27995454**	**13.75**	27995454	13.75
The Bank of Newyork Mellon	**16791800**	**8.25**	16941800	8.32
FICON Holdings Limited	**15682775**	**7.70**	15682775	7.70
Preference Shares (Refer Note 17)				
14.50% Redeemable cumulative non-convertible preference shares				
Bajaj Auto Ltd	**300000**	**100.00**	300000	100.00
11.50% Redeemable cumulative non-convertible preference shares				
United India Insurance Company Limited	**-**	**-**	100000	11.76
AMI Holdings Private Limited	**650000**	**76.47**	650000	76.47
Dynamic Global Trading Corporation Limited	**200000**	**23.53**	100000	11.76
10.00% Redeemable cumulative non-convertible preference shares				
AMI Holdings Private Limited	**100000**	**100.00**	100000	100.00

13 (iii): Equity shares include:

1,67,91,800 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 Rs. 10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

13 (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 14: Other Equity:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Capital Reserve	**97.24**	97.24
Capital Redemption Reserve	**6500.00**	6500.00
Securities Premium	**21047.71**	21047.71
Statutory Reserve	**41.33**	41.33
(Deficit) in Statement of Profit and Loss		
Opening balance	**(17658.84)**	(21381.39)
Add: Profit for the year	**5334.15**	3722.55
Closing balance	**(12324.69)**	(17658.84)
- Reserve for equity instruments through other comprehensive income		
Opening balance	**223.12**	278.18
Add: Effect of measuring investments at fair value	**(952.63)**	(55.06)
Closing balance	**(729.51)**	223.12
- Remeasurement of defined plans		
Opening balance	**(47.13)**	(78.06)
- Actuarial movement through other comprehensive income	**(165.28)**	30.93
Closing balance	**(212.41)**	(47.13)
Total	**14419.67**	10203.43

Capital Reserve and Statutory Reserve:

Capital Reserve of Rs.97.24 lac and Statutory Reserve of Rs.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 Act 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:

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

Note15: Non - current borrowings:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Unsecured at amortised cost		
Term loans		
From Related Parties (Refer Note 15 (i) below)	**12865.50**	16275.00
	12865.50	16275.00

15 (i): The Company during the FY 2016-17 & FY 2017-18, had issued unsecured Indian Rupee denominated bonds (Masala Bonds) of Rs.20670 lac to AM International Holdings Pte Ltd, Singapore, which was approved by the Board of Directors vide their meeting held on 20th 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 Rs 16275 lac (previous year Rs.16275 lac) as at the balance sheet date. An amount of Rs.3409.50 lac will be maturing during December 2019 and the same is classified as current maturies of long term borrowings in Note 16 B.

Note 16: Other Financial Liabilities:

(₹ in lac)

	Particulars	**As at 31 March 2019**	As at 31 March 2018
A	**Other financial liabilities non - current at amortised cost**		
	Trade / security deposits received	**2805.36**	2582.87
	Liabilities for expenses	**83.33**	348.21
		2888.69	2931.08
B	**Other financial liabilities current at amortised cost**		
	Current maturities of long term borrowings (Refer Note 15(i))	**3409.50**	-
	Interest accrued but not due on borrowings	**128.20**	101.70
	Interest accrued and due on borrowings	**48.50**	34.48
	Retention Money	**73.64**	51.94
	Other payables		
	- Advances from customers and other parties	**153.80**	3765.55
	Total	**3813.64**	3953.67

Note 17: Current borrowings:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Term loans (at amortised cost)		
From banks - Secured (Refer Note 17 (i) below)	**14635.82**	1061.00
From banks - Unsecured	**2387.70**	2387.70
Loans repayable on demand (at amortised cost)		
From other parties - Unsecured	**1934.33**	1934.33
Unsecured at amortised cost		
3,00,000 (3,00,000) 14.50% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (ii) below)	**300.00**	300.00
8,50,000 (8,50,000) 11.50% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (iii) below)	**850.00**	850.00
1,00,000 (1,00,000) 10.00% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (iv) below)	**100.00**	100.00
Interest accrued on cummulative preference shares	**3552.71**	3370.66
Total	**23760.56**	10003.69

17 (i): During the current year Rs.14635.82 lac received from Punjab National Bank under Special Banking Arrangement as approved by Ministry of Finance, Department of Economic Affairs vide O.M. No. 7/22/2017 - BA dt. 7th February 2019 secured against subsidy receivables from the Government of India for the period Jan 2019 to March 2019. The bank has charged an interest of 8.20% p.a. on the said arrangement out of which interest @ 7.72% p.a. is to be borne by the Government of India and balance 0.48% is to be borne by the Company. Accordingly Rs.11.82 lac being the interest paid by the Company has been included under finance charges. The above loan was adjusted against subsidy amount during April 2019.

17 (ii): 14.50% Redeemable cumulative non - convertible preference shares of Rs.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.

17 (iii): 11.50% Redeemable cumulative non - convertible preference shares of Rs.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.

17 (iv): 10.00% Redeemable cumulative non - convertible preference shares of Rs.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 18: Trade payables:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade payables:		
- Total outstanding dues to Micro, Small and Medium Enterprises (Refer Note 18(i) below)	**-**	-
- Total outstanding dues other than Micro, Small and Medium Enterprises	**120872.95**	73906.37
Total	**120872.95**	73906.37

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

Dues to Micro and Small 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 2019	As at 31 March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**-**	-
(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 19: Short - term provisions:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for employee benefits:		
- Compensated absences	**389.34**	322.45
Total	**389.34**	322.45

Note 20: Other current liabilities:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum Alternate Tax Payable	**-**	4476.06
Other payables		
- Statutory remittances	**390.40**	156.19
- Gratuity payable	**439.47**	220.69
- Superannuation fund payable	**930.53**	782.38
- Other Deposits	**60.00**	-
Total	**1820.40**	5635.32

Note 21: Revenue from operations:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products	**45259.02**	42947.93
Less: Rebates and discounts	**(4546.24)**	(2464.30)
	40712.78	40483.63
Subsidy Income	**217598.75**	157918.12
Sales (Refer Note 21 (i) below)	**258311.53**	198401.75
Other operating revenues (Refer Note 21 (ii) below)	**884.27**	1044.05
Total	**259195.80**	199445.80

21 (i): Sales:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<u>Manufactured goods</u>		
Urea	**33806.84**	35335.83
Fertiliser and Transport Subsidy (Urea)	**217598.75**	157918.12
Others	**1044.03**	1071.33
<u>Traded goods</u>		
Imported Urea	**5861.91**	4076.47
Total	**258311.53**	198401.75

21 (ii): Other Operating Revenues:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Facility Sharing Income	**777.03**	855.66
Sale of scrap	**107.24**	80.36
Others	**-**	108.03
Total	**884.27**	1044.05

Note 22: Other income:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income (Refer Note 22 (i) below)	**774.75**	179.97
Dividend income from long - term investments	**79.72**	3.87
Liabilities / Provision no longer required written back	**345.48**	152.15
Rental Income	**34.72**	29.18
Profit on sale of assets	**2.84**	0.99
Insurance Claims received	**6.16**	5.78
Others *	**902.40**	120.21
Total	**2146.07**	492.15

* Includes amount of Rs. 835.04 lac (previous year Nil) received against advances written off in earlier years (Refer Note 6 (ii) (e)).

22 (i): Interest income:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on Income Tax refund	**123.91**	-
Interest from banks deposits	**22.06**	72.33
Other interest	**628.78**	107.64
Total	**774.75**	179.97

Note23: Cost of materials consumed:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock	**10254.39**	12609.44
Add: Purchases #	**154798.75**	100910.16
	165053.14	113519.60
Less: Closing stock	**12842.16**	10254.39
Total	**152210.98**	103265.21

Includes Rs.3697.39 (previous year Rs. 1259.61) lac of foreign exchange gain / loss.

Note 24: Purchase of Stock - in - trade:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Imported urea	**3581.41**	1637.45
Total	**3581.41**	1637.45

Note25: Changes in inventories of finished goods, stock in trade and work - in - progress:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<u>Inventories at the beginning 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
<u>Inventories at the end of the year:</u>		
Finished goods	**1529.32**	3801.02
Work - in - progress	**299.48**	2005.15
Stock in trade	**-**	10.38
	1828.80	5816.55
Net Decrease	**3987.75**	1501.72

Note26: Employee benefit expenses:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	**5033.03**	4324.85
Contributions to provident and other funds	**490.36**	384.97
Contributions to gratuity fund	**103.26**	107.36
Staff welfare expenses	**570.17**	463.65
Total	**6196.82**	5280.83

Note 27: Finance costs:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on:		
- Minimum Alternate Tax	**-**	2371.88
- Borrowings	**1895.24**	1361.00
- Deposits	**182.69**	170.81
- Others *	**1307.38**	2.16
Other borrowing costs	**182.04**	182.04
Total	**3567.35**	4087.89

* Includes Rs. 1304.07 lac (previous year Nil) finance charges relating to raw material payments.

Note 28: Other expenses:

(₹ in lac)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
Consumption of stores and spare parts		**1755.92**		1463.82
Packing, transportation and handling		**15646.55**		14400.50
Increase of excise duty on inventory		**-**		10.78
Power and fuel #		**56306.18**		44744.81
Water		**3441.44**		9438.96
Rent		**544.40**		593.34
Repairs to				
- Buildings	**620.84**		704.60	
- Machinery	**1096.18**		1248.25	
- Others	**848.46**		754.51	
		2565.48		2707.36
Insurance		**248.50**		274.94
Rates and taxes		**163.65**		114.27
Port handling charges		**674.68**		325.90
Travelling and conveyance		**603.36**		600.37
Sales promotion expenses		**14.28**		5.22
Professional fees		**205.73**		201.42
Payment to auditors (Refer Note 28 (i) below)		**25.87**		19.39
Bad trade and other receivables, loans and advances written off (Refer Note 6 (i))	**318.91**		-	
Less: Transfer from Provision	**318.91**		-	
		-		-
Assets written off		**9.23**		65.01
Provision for Impairment of Investments				
Investments Written off (Refer Note 6 (i))	**55989.64**		-	
Less: Transfer from Provision	**55989.64**		-	
		-		-
Net loss on foreign currency transactions and translation		**-**		665.08
Provision for doubtful trade and other receivables, loans and advances (net)		**0.80**		0.41
Director's sitting fees		**22.50**		14.45
Miscellaneous expenses		**1029.12**		944.50
Total		**83257.69**		76590.53

Includes Rs.345.01 lac (previous year Nil) of foreign exchange gain / loss.

28 (i): Payment to Auditors:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Payments to the auditors comprises (net of GST input credit, where applicable):		
- As auditors - statutory audit	**15.00**	15.00
- For limited reviews	**3.00**	3.00
- For certifications	**6.15**	1.15
- Reimbursement of expenses	**1.72**	0.24
Total	**25.87**	19.39

Note 29: Exceptional items:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit on sale of land	**-**	244.53
Total	**-**	244.53

Note 30: Plant Operation:

(i) During the year the Company achieved a production of 6.520 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 and sold 1.145 lac MT of Urea.

(ii) Government of India on 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. The subsidy would be paid based on the Retention Price computed on the lower of Naphtha / Fuel oil or Regasified Liquefied Natural Gas (RLNG) price.

(iii) Subsidy for the period 1 April 2018 to 31 March 2019 of Rs 202789.02 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 31: Commitments:

Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 10,951.17 lac (Previous year Rs. 2754.84 lac).

Note 32: Contingent Liabilities:

(a) Claims not acknowledged as debts:

(i) The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded Rs. 16873.97 lac (Previous year Rs.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 43 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims including interest made by TWAD for 3389.41 lac (Previous year Rs. 2867.67 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2019 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 (VOCPT) towards increase in rental charges from 1 July 2007 onwards. The amount payable as on 31.03.2019 is Rs.973.28 lac (from 01.07.2007 to 31.03.2019) (Previous year Rs. 870.80 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) No provision has been considered necessary by the Management for the following disputed Excise duty, Service tax, Sales Tax and Electricity tax 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 2019	As at 31 March 2018
The Central Excise Act, 1944	**65.61**	365.33
The Finance Act, 1994 (Service Tax)	**404.78**	214.97
Sales Tax Act under various State enactments	**933.34**	1022.76
The Tamilnadu Electricity (Taxation on Consumption) Act, 1962	**1050.54**	1050.54
Employees State Insurance Act, 1948	**--**	13083.67
Total	**2454.27**	15737.27

Out of the above demand of Rs.2454.27 lac (Previous year Rs. 15737.27 lac), an amount of Rs. 640.30 lac (Previous year Rs. 1166.45 lac) has been deposited under protest / adjusted by relevant authorities.

Note 33: Employee benefits:

A. Defined contribution plan:

(₹ in lac)

Sl No	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
	During the year, the Company has recognized the following amounts in the Statement of Profit and Loss - Employers' Contribution to Provident Fund, ESI and Superannuation.	**490.36**	384.97

B. Defined benefit plans:

Gratuity:

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 31 March 2019 by the Actuary. The present value of the Defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the gratuity plan of the company and the amount recognized in the Balance Sheet and statement of profit and loss. The company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

(₹ in lac)

Sl No	Particulars	31 March 2019	31 March 2018
	Defined benefit plans		
	a) Gratuity payable to employees	**103.26**	107.36
	b) Compensated absences for Employees	**182.10**	62.51
		Employees' gratuity fund	
i)	**Actuarial assumptions**	**31 March 2019**	31 March 2018
	Discount rate (per annum)	**7.60%**	7.70%
	Rate of increase in Salary	**7.00%**	7.00%
	Expected rate of return on Plan Assets	**7.60%**	7.70%
	Attrition rate	**3.00%**	3.00%
ii)	**Changes in the present value of defined benefit obligation**	**31 March 2019**	31 March 2018
	Present value of obligation at the beginning of the year	**1494.50**	1542.78
	Interest cost	**103.28**	106.38
	Current service cost	**88.18**	87.37
	Benefits paid and charges deducted	**(306.33)**	(210.55)
	Actuarial (gain) / loss on obligations	**179.29**	(31.48)
	Present value of obligation at the end of the year	**1558.93**	1494.50

(₹ in lac)

SI No	Particulars	31 March 2019	31 March 2018
iii)	**Changes in fair value of plan assets**		
	Fair value of plan assets as at the beginning of the period	**1273.81**	1380.04
	Expected return on plan assets	**88.21**	94.71
	Contributions	**49.76**	10.17
	Benefits paid and Charges deducted	**(306.33)**	(210.55)
	Actuarial gain / (loss) on plan assets [balancing figure]	**14.01**	(0.55)
	Fair value of plan assets as at the end of the period	**1119.46**	1273.81
iv)	**Expense recognized in the Statement of Profit and Loss**	**Employees' gratuity fund**	
		31 March 2019	31 March 2018
	Current service cost	**88.18**	87.37
	Interest cost	**15.08**	11.67
	Total expenses recognized in the Statement Profit and Loss*	**103.26**	99.04
	*Included in Employee benefits expense (Refer Note 26). Actuarial (gain) / loss of INR 165.28 Lac (31 March 2018: INR (30.93) Lac) is included in other comprehensive income.		
v)	**Assets and liabilities recognized in the Balance Sheet:**	**Employees' gratuity fund**	
		31 March 2019	31 March 2018
	Present value of funded obligation as at the end of the year	**1558.93**	1494.49
	Fair value of plan assets	**1119.46**	1273.81
	Funded net liability recognized in Balance Sheet*	**439.47**	220.69
	*Included in other current liabilities		
vi)	**Amount recognized for the current period in the statement of Other Comprehensive Income (OCI)**	**31 March 2019**	31 March 2018
	Actuarial (gain) / loss on Plan Obligations	**179.29**	(31.48)
	Difference between Actual Return and Interest Income on Plan Assets - (gain) / loss	**(14.01)**	0.55
	(Gain) / loss recognized in OCI for the current period	**165.28**	(30.93)
vi)	**A quantitative sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 are as shown below:**	**Employee's gratuity fund**	
		31 March 2019	31 March 2018
	Impact on defined benefit obligation		
	Discount rate		
	0.5% increase	**1506.08**	1447.57
	0.5% decrease	**1615.55**	1544.61
	Rate of increase in salary		
	0.5% increase	**1616.67**	1545.67
	0.5% decrease	**1504.55**	1446.14
viii)	**Expected Benefit Payments in following years**	**Employee's gratuity fund**	
		31 March 2019	31 March 2018
	Year 1	**88.24**	121.04
	Year 2	**368.17**	371.20
	Year 3	**200.41**	197.72
	Year 4	**172.99**	165.95
	Year 5	**163.87**	165.12
	Next 5 Years	**611.52**	544.22

Note 34: Income Tax:

(A) The following is the analysis of deferred tax assets / (liabilities) presented in the Balance Sheet:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	**5015.60**	4893.17
Deferred tax liabilities	**(1309.47)**	(1292.89)
Total	**3706.13**	3600.28

2018-19: (₹ in lac)

Particulars	Opening Balance	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities) / asset in relation to:				
Property, Plant and Equipment	**(1237.11)**	**(72.36)**		**(1309.47)**
Provision for Doubtful Debts, Provision for Compensated absence and others	**325.15**	**140.79**		**465.94**
Unabsorbed Depreciation	**4568.02**	**(166.28)**		**4401.74**
Unabsorbed Business Loss	**-**	**-**		**-**
Unabsorbed Interest Allowance	**-**	**97.85**		**97.85**
Financial Assets at FVTOCI	**(55.78)**	**-**	**105.85**	**50.07**
	3600.28	**-**	**105.85**	**3706.13**
Deferred Tax Asset (Net)	**3600.28**	**-**	**105.85**	**3706.13**
MAT Credit Entitlement	**6604.50**	**97.97**	**-**	**6702.47**
Net Deferred Tax Assets	**10204.78**	**97.97**	**105.85**	**10408.60**

2017-18: (₹ in lac)

Particulars	Opening Balance	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities) / asset in relation to:				
Property, Plant and Equipment	(1578.47)	341.36		(1237.11)
Provision for Doubtful Debts, Provision for Compensated absence and others	235.89	89.26		325.15
Unabsorbed Depreciation	4568.02	-		4568.02
Unabsorbed Business Loss	430.62	(430.62)		-
Financial Assets at FVTOCI	(69.54)	-	13.76	(55.78)
	3586.52	-	13.76	3600.28
Deferred Tax Asset (Net)	3586.52	-	13.76	3600.28
MAT Credit Entitlement	-	6604.50	-	6604.50
Net Deferred Tax Assets	3586.52	6604.50	13.76	10204.78

Note 34: 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 recognized are attributable to the following: (₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Business losses	**-**	295.45
Capital losses (Also Refer Note 6 (i))	**65448.25**	9458.61

Note 35: 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 segments:

(₹ in lac)

Particulars	Segment Revenue		Segment Profit	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Agro Inputs (Urea Operations)	**258591.11**	199117.88	**9129.71**	9718.02
Others (Agri Business)	**767.73**	739.77	**(103.13)**	(249.54)
Unallocated income	**1983.03**	80.30		
Total	**261341.87**	199937.95	**9026.58**	9468.48
Finance Cost			**(3567.35)**	(4087.89)
Other Net Unallocable Expenses			**(125.08)**	(1902.57)
Exceptional Income			**-**	244.53
Tax Expense			**-**	-
Profit for the year			**5334.15**	3722.55

Segment Assets and Liabilities: (₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Segment Assets		
Agro inputs (Urea Operations)	**162305.88**	106020.16
Others (Agri business)	**1855.42**	1906.32
Unallocable Assets	**37033.48**	35668.56
Total Assets	**201194.78**	143595.04
Segment Liabilities		
Agro inputs (Urea Operations)	**138614.32**	77426.39
Others (Agri business)	**245.79**	228.18
Unallocable Liabilities	**27550.97**	35373.01
Total Liabilities	**166411.08**	113027.58

Other Segment Information: (₹ in lac)

Particulars	Depreciation and Amortisation		Capital Expenditure	
	Year ended 31 March 2019	Year ended 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Agro Inputs (Urea Operations)	**3111.13**	3929.36	**5121.92**	3639.95
Others (Agri business)	**46.67**	46.38	**2.31**	9.28
Unallocable	**47.92**	35.55	**37.07**	82.67
Total	**3205.72**	4011.29	**5161.30**	3731.90

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

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

Note 36: (i) Related party disclosures for the year ended 31 March 2019:

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
Jointly Controlled entities	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	AM International Holdings Pte. Ltd, Sinagpore
	6	AMI Holdings Private Limited
	7	Sicagen India Limited
	8	SPIC Officers and Staff Welfare Foundation
	9	South India Travels Private Limited
	10	Lotus Fertilizers Private Limited
	11	EDAC Engineering Limited
	12	EDAC Staffing Solution Private Limited
	13	EDAC Automation Limited
	14	Totalcomm Infra Services Private Limited
	15	Twinshield Consultants Private Limited
	16	AM Foundation
	17	SPIC Group Companies Employees Welfare Foundation

Note 36: (ii) (A) Balance Outstanding as at 31.03.2019: (₹ in lac)

S. No.	Particulars	As at 31 March 2019	As at 31 March 2018
(a)	**Receivables**		
	Tamilnadu Petroproducts Limited	**3.12**	2.22
	Tuticorin Alkali Chemicals and Fertilizers Limited	**5.06**	2479.88
	Greenstar Fertilizers Limited	**1698.88**	2535.39
	Wilson International Trading (India) Private Limited	**0.05**	0.05
	EDAC Engineering Limited	**60.70**	21.31
	EDAC Automation Limited	**-**	0.29
	Totalcomm Infra Services Private Limited	**0.80**	1.44
	Twinshield Consultants Private Limited	**36.45**	36.45
	Lotus Fertilizers Private Limited	**4.41**	8.93
	Sicagen India Limited	**0.23**	-
	Wilson International Trading Pte. Ltd, Singapore	**-**	1.12
	AM Foundation	**0.01**	0.00
(b)	**Advances to**		
	Sicagen India Limited	**1.87**	0.53
	Greenstar Fertilizers Limited	**3552.67**	1.30
	Tamilnadu Petroproducts Limited	**2.77**	-
	National Aromatics and Petrochemicals Corporation Limited *	**1488.95**	1488.16
	Manali Petrochemicals Limited	**0.45**	0.37
	Tuticorin Alkali Chemicals and Fertilizers Limited	**-**	56.66
(c)	**Payables**		
	Greenstar Fertilizers Limited	**2297.21**	5795.64
	Tamilnadu Petroproducts Limited	**-**	1.12
	Sicagen India Limited	**226.77**	112.72
	Wilson International Trading Pte. Ltd, Singapore	**50037.58**	35064.11
	EDAC Engineering Limited	**-**	35.90
	EDAC Automation Limited	**68.42**	12.53
	EDAC Staffing Solution Private Limited	**0.51**	0.51
	Tuticorin Alkali Chemicals and Fertilizers Limited	**539.36**	264.10
	Lotus Fertilizers Private Limited	**1805.55**	1805.55
	South India Travels Private Limited	**3.17**	2.82
	Twinshield Consultants Private Limited	**15.30**	-
(d)	**Equity Share Capital including Securities premium**		
	AMI Holdings Private Limited	**6523.42**	6523.42
(e)	**Preference Share Capital**		
	AMI Holdings Private Limited	**750.00**	750.00
(f)	**Cash collateral provided against bank borrowings**		
	AM International Holdings Pte Ltd,Singapore (in USD)	**37.50**	37.50

Note 36: (ii) (A) Balance Outstanding as at 31.03.2019 (continued): (₹ in lac)

S. No.	Particulars	As at 31 March 2019	As at 31 March 2018
	(g) Borrowings		
	AM International Holdings Pte Ltd,Singapore	**16370.17**	16382.23
	(h) Investment in Equity		
	Tamilnadu Petroproducts Limited	**1980.47**	1980.47
	Tuticorin Alkali Chemicals and Fertilizers Limited (Net of provision of Rs. 3668.46 lac (Rs 1668.46 lac)	**2952.21**	267.21
	Greenam Energy Private Limited	**568.65**	0.00
	Manali Petrochemicals Limited	**2.52**	3.36
	South India Travels Private Limited	**50.96**	-
	Sicagen India Limited	**138.93**	206.81
	National Aromatics and Petrochemicals Corporation Limited *	**2.50**	2.50
	SPIC Petrochemicals Limited #	**-**	25375.00
	Gold Nest Trading Company Limited *	**250.25**	250.25
	(i) Investment in Preference Shares		
	SPIC Petrochemicals Limited #	**-**	5.00
	(j) Investment in Bond		
	SPIC Petrochemicals Limited #	**-**	30609.63

* Dues have been fully provided for.
# Written off in current year utilizing the provision.

Note 36: (ii) (B) The following transactions were carried out with the related parties: (₹ in lac)

S. No.	Particulars	For the year 2018-19	For the year 2017-18
1	**Sale of goods**		
	Tuticorin Alkali Chemicals and Fertilizers Limited	**61.34**	127.27
	Greenstar Fertilizers Limited	**371.28**	70.15
	Lotus Fertilizers Private Limited	**236.37**	226.70
2	**Purchase of materials**		
	Tuticorin Alkali Chemicals and Fertilizers Limited	**390.93**	288.11
	Greenstar Fertilizers Limited	**3639.21**	5262.57
	Tamilnadu Petroproducts Limited	**62.74**	85.75
	Wilson International Trading Pte Ltd, Singapore	**72956.55**	34986.48
	Sicagen India Limited	**560.13**	437.85
	Lotus Fertilizers Private Limited	**-**	1593.68
3	**Reimbursement of Expenses (Receipts)**		
	Greenstar Fertilizers Limited	**2570.22**	117.43
	National Aromatics and Petrochemicals Corporation Limited	**0.80**	0.41
	EDAC Staffing Solution Private Limited	**-**	0.02
	Totalcomm Infra Services Private Limited	**0.13**	0.18
	AM Foundation	**4.88**	2.43
	SPIC Officers and Staff Welfare Foundation	**0.06**	0.54
	SPIC Group Companies Employees Welfare Foundation	**1.85**	0.52
	Wilson International Trading Pte. Ltd, Singapore	**-**	1.12

Note 36: (ii) (B) The following transactions were carried out with the related parties (continued): (₹ in lac)

S. No.	Particulars	For the year 2018-19	For the year 2017-18
4	**Reimbursement of Expenses (Payments)**		
	Sicagen India Limited	**6.66**	4.82
	Greenstar Fertilizers Limited	**-**	1.15
5	**Income from services rendered**		
	AM Foundation	**-**	0.02
	Manali Petrochemicals Limited	**5.46**	4.17
	Tamilnadu Petroproducts Limited	**0.80**	0.65
	Tuticorin Alkali Chemicals and Fertilizers Limited	**9.74**	9.00
	Greenstar Fertilizers Limited	**919.31**	1080.31
	Wilson International Trading (India) Private Limited	**0.62**	0.49
	Sicagen India Limited	**1.54**	2.12
	EDAC Engineering Limited	**7.11**	12.32
	EDAC Automation Limited	**0.16**	0.80
	EDAC Staffing Solution Private Limited	**-**	0.11
	Totalcomm Infra Services Private Limited	**0.25**	0.61
6	**Services / Consultancy Charges**		
	Greenstar Fertilizers Limited	**478.16**	202.49
	EDAC Automation Limited	**193.68**	212.73
	Sicagen India Limited	**14.93**	59.31
	EDAC Engineering Limited	**37.57**	49.31
7	**Income from Rentals**		
	Greenstar Fertilizers Limited	**104.31**	24.48
8	**Dividend Income**		
	Manali Petrochemicals Limited	**0.05**	0.05
	Tamilnadu Petroproducts Limited	**76.17**	-
	Sicagen India Limited	**3.47**	3.47
9	**Managerial Remuneration**		
	Thiru. S R Ramakrishnan	**75.24**	75.11
10	**Water charges prepaid**		
	Greenstar Fertilizers Limited	**-**	1129.07
11	**Rent Paid**		
	Greenstar Fertilizers Limited	**813.69**	1924.09
	Twinshield Consultants Private Limited	**18.36**	-
12	**Director Sitting Fees**		
	Thiru. Ashwin C Muthiah	**2.50**	2.00
13	**Trade Advance Received / Returned**		
	Greenstar Fertilizers Limited	**6090.05**	1350.00

Note 36: (ii) (B) The following transactions were carried out with the related parties (continued): (₹ in lac)

S. No.	Particulars	For the year 2018-19	For the year 2017-18
14	**Trade Advance Paid / Returned**		
	Greenstar Fertilizers Limited	**8991.67**	1365.13
15	**Material Purhcase Adv**		
	Greenstar Fertilizers Limited	**2493.82**	979.26
16	**Interest on Borrowings / Materials Paid**		
	AM International Holdings Pte Ltd, Singapore	**1464.75**	886.18
	Wilson International Trading Pte. Ltd, Singapore	**772.81**	-
17	**Borrowings**		
	AM International Holdings Pte Ltd, Singapore	**-**	16275.00
18	**Demurrage Charges**		
	Wilson International Trading Pte. Ltd, Singapore	**429.99**	186.19
19	**FSA - Adv**		
	Greenstar Fertilizers Limited	**-**	907.41
20	**Car Rental Charges**		
	South India Travels Private Limited	**43.05**	42.77
21	**Deposit given / received for directors appointment**		
	Manali Petrochemicals Limited	**-**	1.00
22	**Purchase of Intangible Asset - Software**		
	Sicagen India Limited	**-**	14.16
23	**Investment in Equity**		
	Greenam Energy Private Limited	**568.65**	0.00
	Tuticorin Alkali Chemicals and Fertilizers Limited	**2685.00**	-
24	**Transfer of Investment**		
	Gold Nest Trading Company Limited	**835.04**	-

Note 37: Earnings Per Equity Share:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Face Value per share (In Rupees)	**10**	10
Profit for the year (Rupees in lac)	**4216.24**	3698.42
Basic		
Weighted Average Number of shares outstanding	**203640336**	203640336
Earnings per share (In Rupees)	**2.07**	1.82
Diluted		
Weighted Average Number of shares outstanding	**203640336**	203640336
Earnings per share (In Rupees)	**2.07**	1.82

Note 38: Financial Instruments:

38.1: Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non - current and current borrowings reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

(₹ in lac)

	Particulars	**As at 31 March 2019**	As at 31 March 2018
a)	Equity	**34783.70**	30567.46
b)	Non - Convertible preference share	**1250.00**	1250.00
c)	Borrowings other than non - convertible preference shares	**38785.56**	25028.69
d)	Less: Cash and Cash equivalants	**(7709.20)**	(758.65)
e)	**Total debt(b+c+d)**	**32326.36**	25520.04
f)	**Overall financing(a+e)**	**67110.06**	56087.50
h)	Net debt to capital ratio (e / f)	**0.48**	0.46
i)	Interest coverage ratio	**2.50**	1.86

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 year ended 31 March 2019 and 31 March 2018

38.2: Categories of Financial instruments: (₹ in lac)

	Particulars	**As at 31 March 2019**	As at 31 March 2018
	Financial Assets		
	Measured at FVTOCI		
a)	Investments	**1028.94**	1203.66
	Measured at amortised cost		
b)	Trade receivables	**1764.96**	4745.27
c)	Cash and cash equivalents	**7240.52**	334.01
d)	Bank balances other than (c) above	**468.41**	424.65
e)	Other financial assets - Current Asset	**107000.31**	52729.46
f)	Other Financial Assets - Non Current Asset	**287.10**	199.49
	Financial Liabilities		
	Measured at amortised cost		
a)	Borrowings - Current Liabilities	**27170.06**	10003.69
b)	Borrowings - Non Current Liabilities	**12865.50**	16275.00
c)	Trade payables	**120872.40**	73906.37
d)	Other financial liabilities - Current Liabilites	**404.14**	3953.77
e)	Other Financial Liabilties - Non Current Liabilities	**2888.69**	2930.98

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

Trade receivables and subsidy receivable:

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent.

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
31 March 2019					
Short term borrowings	**22367.35**	**-**	**-**	**-**	**22367.35**
Long - term borrowings	**-**	**3409.50**	**9456.00**	**-**	**12865.50**
Trade payables	**120872.95**	**-**	**-**	**-**	**120872.95**
Other financial liability	**-**	**3292.83**	**-**	**-**	**3292.83**
Total	**143240.30**	**6702.33**	**9456.00**	**-**	**159398.63**
31 March 2018					
Short term borrowings	5383.03	-	-	-	5383.03
Long - term borrowings	-	-	16275.00	-	16275.00
Trade payables	73906.37	-	-	-	73906.37
Other financial liability	-	6884.75	-	-	6884.75
Total	79289.40	6884.75	16275.00	-	102449.15

3. Market Risk:

Market risk is ths 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 extend 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 of Liabilities	As at 31 March 2019	As at 31 March 2018
Trade Payables		
Amount due on account of goods supplied	**115.35**	74.06

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.

(₹ in lac)

Currency impact relating to the foreign currencies of	As at 31 March 2019		As at 31 March 2018	
	Proift or loss	**Equity**	Proift or loss	Equity
Rs / USD - increase by INR 2	**2307.06**	**2307.06**	1091.31	1091.31
Rs / USD - decrease by INR 2	**(2307.06)**	**(2307.06)**	(1091.31)	(1091.31)

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 require the ongoing purchase of imported raw materials and imported fertilizers. (i) The company's operating activities require the ongoing purchase of naptha and fuel oil. Naptha and fuel oil being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of naptha and exchange rate fluctuations. The company is affected by the price volatility of the Naptha / Fuel Oil as under the Urea pricing formula the subsidy would be paid based on the retention price computed on the lower of Naptha / Fuel Oil or Regasified Liquified Natural Gas (RLNG) (ii) The company deals in purchase of imported urea, which are imported by the company and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value - add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

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 2019		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**
Assets									
Financial Assets measured at fair value									
Investments in quoted equity instruments at FVTOCI	6C(1)	-	929.26	-	929.26	929.26	-	-	929.26
Financial Assets not measured at fair value									
Trade Receivables	10	1764.96	-	-	1764.96	-	1764.96	-	1764.96
Cash and Cash Equivalents	11(A)	7240.52	-	-	7240.52	-	7240.52	-	7240.52
Other Bank balances	11 (B)	468.68	-	-	468.68	-	468.68	-	468.68
Other financial assets	7 (A&B)	107287.41	-	-	107287.41	-	107287.41	-	107287.41
Total		**116761.57**	**929.26**	**-**	**117690.83**	**929.26**	**116761.57**	**-**	**117690.83**
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	15	-	-	12865.50	12865.50	-	12865.50	-	12865.50
Current Borrowings	17	-	-	23760.56	23760.56	-	23760.56	-	23760.56
Trade payables	18	-	-	120872.95	120872.95	-	120872.95	-	120872.95
Other financial liabilities	16 (A&B)	-	-	6702.33	6702.33	-	6702.33	-	6702.33
Total		**-**	**-**	**164201.34**	**164201.34**	**-**	**164201.34**	**-**	**164201.34**

Fair Value Measurements (continued):

(₹ 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
Assets									
Financial Assets measured at fair value									
Investments in quoted equity instruments at FVTOCI	6C(1)	-	1203.66	-	1203.66	1203.66	-	-	1203.66
Financial Assets not measured at fair value									
Trade Receivables	10	4745.27	-	-	4745.27	-	4745.27	-	4745.27
Cash and Cash Equivalents	11(A)	334.01	-	-	334.01	-	334.01	-	334.01
Other Bank balances	11 (B)	424.65	-	-	424.65	-	424.65	-	424.65
Other financial assets	7 (A&B)	52928.95	-	-	52928.95	-	52928.95	-	52928.95
Total		**58432.88**	**1203.66**	**-**	**59636.54**	**1203.66**	**58432.88**	**-**	**59636.54**
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	15	-	-	16275.00	16275.00	-	16275.00	-	16275.00
Current Borrowings	17	-	-	10003.69	10003.69	-	10003.69	-	10003.69
Trade payables	18	-	-	73906.37	73906.37	-	73906.37	-	73906.37
Other financial liabilities	16 (A&B)	-	-	6884.75	6884.75	-	6884.75	-	6884.75
Total		**-**	**-**	**107069.81**	**107069.81**	**-**	**107069.81**	**-**	**107069.81**

Note 39:

(a) Previous year's 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 statement for the year ended 31 March 2019 in its meeting held on 23 May 2019.

CONSOLIDATED FINANCIAL STATEMENTS 2018-19

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated 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, which comprise the consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements of associates and joint ventures, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company, its associates and joint ventures as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the Note no: 30 (iii) of the Consolidated financial statements regarding computation of subsidy revenue 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 it's consequential impact on subsidy revenue and receivables 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.

Key Audit Matters

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

In addition to the matter described in the Emphasis of matter paragraph on subsidy revenue, we have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition	
Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Refer to note 2 (vii) 'Revenue recognition' to the consolidated financial statements. Revenue from sale of goods is recognised when the control of goods is transferred to the customers. In terms of the application of the new revenue accounting standard Ind AS 115 (Revenue from Contracts with Customers), control is transferred either when the product is delivered to the customer's site or when the product is shipped, depending on the applicable terms. The Management has exercised judgement in applying the revenue accounting policy while recognising revenue.	We have performed the following principal audit procedures in relation to each material revenue stream recognized: • Understood the revenue recognition process, evaluated the design and implementation, and operating effectiveness of internal controls including relevant information technology controls relating to revenue recognised. • We performed substantive procedures on a sample of transactions for each revenue stream from source data through to general ledger to test that appropriate revenue recognition had been applied. • We performed other substantive, transactional testing and analytical procedures to validate the recognition of revenue throughout the year. • We have evaluated the delivery and shipping terms of the contracts for revenue recognised during the period. • Tested that the revenue recorded is after considering the applicable rebates and discounts. • Tested sample transactions around the period end to ensure they were recorded in the correct period; and • Tested journal entries posted to revenue accounts focusing on unusual or irregular items, if any.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc., but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the 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 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

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

The respective Board of Directors of the associates and joint ventures are responsible for overseeing the financial reporting process of the Company and of its associates and joint ventures.

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

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

The consolidated financial statements include the Company's share of net profit after taxes of Rs. 965.20 lakhs and total other comprehensive income of Rs. 113.65 lakhs for the year ended March 31, 2019, 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 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.

Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its associate companies and joint ventures incorporated in India, none of the directors of the Company, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company, its associates and joint ventures – Refer Note 32 to the consolidated financial statements;

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, 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 Ventures incorporated in India.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company, its associates and joint ventures to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Southern Petrochemical Industries Corporation Limited on the consolidated Financial Statements for the year ended March 31, 2019.

Report on the Internal Financial Controls 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 financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of March 31, 2019 (hereinafter referred to as "the Company") and 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, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements 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 ("the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the company, its associate companies and 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 ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, 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 internal financial controls with reference to consolidated financial statements 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the company, its associate companies and joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, and to the best of our information and according to the explanations given to us, the Company, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Geetha Jeyakumar
Partner
Membership No. 029409

Place: Chennai
Date: May 23, 2019

Consolidated Balance Sheet as at 31 March 2019

(₹ in lac)

S. No.	Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
A	**ASSETS**			
1	**Non - current assets**			
	(a) Property, Plant & Equipment	4 (i)	**22995.67**	24437.33
	(b) Capital work - in - progress		**6900.91**	3546.41
	(c) Investment Property	5	**129.18**	132.65
	(d) Other Intangible assets	4 (ii)	**137.88**	106.71
	(e) Financial assets			
	i) Investments			
	Investments in Associate	6 (A)	**593.53**	-
	Investments in Joint Venture	6 (B)	**7204.93**	6125.72
	Other Equity Investments	6 (C)	**1028.94**	1257.61
	Other investments	6 (D)	**1.00**	1.00
	ii) Other financial assets	7 (A)	**287.10**	199.49
	(f) Deferred tax asset (Net)	34	**10408.60**	10204.78
	(g) Income tax assets (Net)		**16.40**	555.25
	(h) Other non current assets	8	**4608.70**	4624.78
	Total Non - Current Assets		**54312.84**	51191.73
2	**Current assets**			
	(a) Inventories	9	**18785.36**	18874.62
	(b) Financial assets			
	i) Trade receivables	10	**1764.96**	4745.27
	ii) Cash and cash equivalents	11 (A)	**7240.52**	334.01
	iii) Bank balances other than ii) above	11 (B)	**468.68**	424.65
	iv) Other financial assets	7 (B)	**107000.31**	52729.46
	(c) Other current assets	12	**13919.24**	19173.34
	Total Current Assets		**149179.07**	96281.35
	TOTAL ASSETS		**203491.91**	147473.08
B	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share capital	13	**20364.03**	20364.03
	(b) Other Equity	14	**16716.80**	14081.43
	Total Equity		**37080.83**	34445.46
2	**Non - current liabilities**			
	(a) Financial Liabilities			
	(i) Non - current borrowings	15	**12865.50**	16275.00
	(ii) Other financial liabilities	16 (A)	**2888.69**	2931.08
	Total Non - Current Liabilities		**15754.19**	19206.08
3	**Current liabilities**			
	(a) Financial Liabilities			
	i) Current borrowings	17	**23760.56**	10003.70
	ii) Trade payables	18		
	- Total outstanding dues to Micro Enterprises and Small Enterprises		**-**	-
	- Total outstanding dues to other than Micro Enterprises and Small Enterprises		**120872.95**	73906.37
	iii) Other financial liabilities	16 (B)	**3813.64**	3953.67
	(b) Provisions	19	**389.34**	322.46
	(c) Other current liabilities	20	**1820.40**	5635.34
	Total Current Liabilities		**150656.89**	93821.54
	Total liabilities		**166411.08**	113027.62
	TOTAL EQUITY AND LIABILITIES		**203491.91**	147473.08
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

ASHWIN C MUTHIAH
Chairman
DIN: 00255679

GEETHA JEYAKUMAR
Partner
Membership No: 029409

SASHIKALA SRIKANTH
Director
DIN: 01678374

S R RAMAKRISHNAN
Whole-Time Director
DIN: 00120126

Place : Chennai
Date : 23 May 2019

K R ANANDAN
Chief Financial Officer

M B GANESH
Secretary

Consolidated Statement of Profit and Loss for the year ended 31 March 2019

(₹ in lac)

S. No.	Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
	Income			
1	Revenue from operations (gross)	21	**259195.80**	199445.80
2	Other income	22	**2146.07**	492.15
3	**Total income (1+2)**		**261341.87**	199937.95
4	**Expenses**			
	(a) Cost of materials consumed	23	**152210.98**	103265.21
	(b) Purchases of stock - in - trade	24	**3581.41**	1637.45
	(c) Changes in inventories of finished goods, stock in trade and work - in - progress	25	**3987.75**	1501.72
	(d) Excise duty on sale of goods		**-**	85.01
	(e) Employee benefits expense	26	**6196.82**	5280.83
	(f) Finance costs	27	**3567.35**	4087.89
	(g) Depreciation and amortisation expense	4	**3205.72**	4011.29
	(h) Other expenses	28	**83257.69**	76590.53
	Total expenses		**256007.72**	196459.93
5	**Profit before exceptional items, share of profit of equity accounted investees and tax (3 - 4)**		**5334.15**	3478.02
6	Exceptional items - Profit on sale of land	29	**-**	244.53
7	**Profit before share of profit of equity accounted investees and tax (5 + 6)**		**5334.15**	3722.55
8	**Share of profit of Joint Ventures**		**1261.02**	1246.16
9	**Profit before tax (7 + 8)**		**6595.17**	4968.71
10	**Tax expense**			
	Current tax		**454.16**	428.12
	Less: MAT Credit Entitlement		**(189.85)**	-
	Current tax relating to earlier years		**131.42**	6604.50
	Less: MAT Credit Entitlement		**(99.91)**	(6604.50)
	Net tax expense		**295.82**	428.12
11	**Profit after Tax (9 - 10)**		**6299.35**	4540.59
12	**Other comprehensive income / (Loss)**			
	i) Items that will not be reclassified to profit or loss			
	a) Effect of measuring investments at fair value through OCI		**(1058.48)**	(68.82)
	b) Re - measurement of defined benefit plans		**(165.28)**	30.93
	ii) Income tax relating to items that will not be reclassified to profit or loss		**105.85**	13.76
	iii) Share of Other Comprehensive Income from Joint Ventures		**113.65**	3.48
	Total Other comprehensive loss		**(1004.26)**	(20.65)
13	**Total comprehensive income (11+12)**		**5295.09**	4519.94
14	**Earnings Per Equity Share of Rs. 10 each**	38		
	Basic & Diluted		**2.60**	2.22
	The accompanying notes are an integral part of these financial statements			

In terms of our report attached.

For and on behalf of the Board of Directors

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

ASHWIN C MUTHIAH
Chairman
DIN: 00255679

GEETHA JEYAKUMAR
Partner
Membership No: 029409

SASHIKALA SRIKANTH
Director
DIN: 01678374

S R RAMAKRISHNAN
Whole-Time Director
DIN: 00120126

Place : Chennai
Date : 23 May 2019

K R ANANDAN
Chief Financial Officer

M B GANESH
Secretary

Consolidated Statement of changes in equity for the year ended 31 March 2019

(A) Equity share capital: (Refer Note 13)

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

	No. of shares	₹ In lac
As at 31 March 2018	203640336	20364.03
As at 31 March 2019	**203640336**	**20364.03**

(B) Other equity:

(₹ in lac)

Particulars	Reserves and surplus					Items of other comprehensive income		
	Capital Reserve	Capital Redemption Reserve	Securities Premium	Statutory Reserve	Retained earnings	Effect of measuring investments at fair value through OCI	Remeasurement of defined benefit plans	Total
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 / (loss)	-	-	-	-	-	(55.06)	27.45	(27.61)
Total other comprehensive income for the year	-	-	-	-	4540.59	(55.06)	27.45	4512.98
Balance as at 31 March 2018	97.24	6500.00	21047.71	41.33	(13740.88)	223.12	(87.09)	14081.43
Balance as at 1 April 2018	**97.24**	**6500.00**	**21047.71**	**41.33**	**(13740.88)**	**223.12**	**(87.09)**	**14081.43**
Profit for the year	**-**	**-**	**-**	**-**	**6299.35**	**-**	**-**	**6299.35**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(952.63)**	**(51.63)**	**(1004.26)**
Share of Loss of Associates (Refer Note 14(i) & (ii))	**-**	**-**	**-**	**-**	**(2659.72)**			**(2659.72)**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**3639.63**	**(952.63)**	**(51.63)**	**2635.37**
Balance as at 31 March 2019	**97.24**	**6500.00**	**21047.71**	**41.33**	**(10101.25)**	**(729.51)**	**(138.72)**	**16716.80**

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

In terms of our report attached

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

GEETHA JEYAKUMAR
Partner
Membership No: 029409

Place : Chennai
Date : 23 May 2019

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 2019

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit for the year before tax		**5334.15**		3722.55
	Adjustment for :				
	Depreciation and amortisation expense	**3205.72**		4011.29	
	Assets Written off	**9.23**		-	
	Profit on sale of assets	**(2.84)**		(0.99)	
	Provision for non - moving inventories	**24.41**		-	
	Allowances for doubtful debts and advances	**0.80**		0.41	
	Provisions no longer required written back	**(56654.03)**		(152.15)	
	Bad debts and advances written off	**318.91**		-	
	Investment written off	**55989.64**		-	
	Exchange difference	**(0.05)**		(685.93)	
	Finance Costs	**3567.35**		4087.89	
	Income from investments	**(79.72)**		(3.87)	
	Interest income	**(774.75)**		(179.97)	
			5604.67		7076.68
	Operating profit before working capital changes		**10938.82**		10799.23
	Adjustments for (Increase) / Decrease in:				
	Trade receivables	**2980.51**		4410.68	
	Inventories	**64.85**		4176.22	
	Non current financial assets	**(87.61)**		12451.29	
	Other Non - current assets	**1545.16**		(119.16)	
	Current financials assets	**(54119.56)**		(17937.16)	
	Other current assets	**5254.10**		(17776.41)	
	Adjustments for Increase / (Decrease) in:				
	Other non current financial liabilities	**300.03**		289.98	
	Trade payables	**46966.62**		37560.46	
	Other current financial liabilities	**(3590.05)**		3346.74	
	Other current liabilities	**(3980.20)**		2498.25	
	Short - term provisions	**66.89**		(89.91)	
	Deferred tax asset	**(97.97)**		(6604.50)	
			(4697.23)		22206.48
	Cash from operations		**6241.59**		33005.71
	Direct taxes refund / (paid)		**538.85**		(50.86)
	NET CASH FROM OPERATING ACTIVITIES		**6780.44**		32954.85

Consolidated Cash Flow Statement (Continued)

(₹ in lac)

S. No.	Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	**(5161.30)**		(3731.91)	
	Movement in capital advance	**(1526.22)**		(481.30)	
	Proceeds from sale of Property, Plant and Equipment	**8.66**		102.96	
	Income from investments	**79.72**		3.87	
	Purchase of Investment	**(4088.73)**		(21.40)	
	Sale of Investment	**5.28**		-	
	Interest income	**622.65**		186.11	
	Movement in Bank balances other than cash and cash equivalents	**(44.03)**		(33.78)	
			(10103.97)		(3975.45)
	NET CASH USED IN INVESTING ACTIVITIES		**(10103.97)**		(3975.45)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from long term borrowings	**-**		12865.50	
	Proceeds from short term borrowings (net)	**13574.83**		(40346.69)	
	Finance Costs	**(3344.79)**		(1522.65)	
			10230.04		(29003.84)
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES		**10230.04**		(29003.84)
	NET CASH FLOWS DURING THE YEAR (A + B + C)		**6906.51**		(24.44)
	Cash and cash equivalents at the beginning of the year		**334.01**		358.45
	Cash and cash equivalents at the end of the year		**7240.52**		334.01
			(6906.51)		24.44
	Cash and cash equivalents comprise (Refer note 11)				
	Balances with banks				
	Cash on hand		**3.72**		4.03
	With the Banks		**7236.80**		329.98
	Total cash and bank balances at end of the year		**7240.52**		334.01
	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.

Disclosure of non cash transaction:

(₹ in lac)

Particulars	For the year 2018-19	For the year 2017-18
Increase of investment in Tuticorin Alkali Chemicals and Fertlizers Limited through conversion of preference shares and other dues to equity shares	**2000.00**	-
Increase in investment in :		
Mercantile Ventures Limited	**784.08**	-
South India Travels Private Limited	**50.96**	-
Total	**2835.04**	**-**

In terms of our report attached.

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

GEETHA JEYAKUMAR
Partner
Membership No: 029409

Place : Chennai
Date : 23 May 2019

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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.

These consolidated financial statements for the year ended 31 March 2018 were the first set of financial statements prepared in accordance with Ind AS. The date of transition to Ind AS was 1 April 2016.

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 preparation and presentation:

The financial statements have been prepared on a historical cost convention on accrual basis, except for the below material item 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 non - current 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 Joint Ventures and Associates:

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.

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.

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 Other comprehensive Income (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 Joint Ventures:

The Company's interests in joint ventures are:

Name of the Company	**Country of Incorporation**	**Percentage of ownership interest**	
		As at 31 March 2019	As at 31 March 2018
Tamilnadu Petroproducts Limited	India	**16.93**	16.93
National Aromatics and Petrochemicals Corporation Limited	India	**50.00**	50.00

(2) Interests in Associates:

The Company's associates are:

Name of the Company	Country of Incorporation	Percentage of ownership interest	
		As at 31 March 2019	As at 31 March 2018
Tuticorin Alkali Chemicals and Fertilizers Limited	India	**43.94**	45.15
Gold Nest Trading Company Limited	India	**32.76**	32.76
Greenam Energy Private Limited	India	**20.00**	20.00

(3) Investment in Tuticorin Alkali Chemicals and Fertilizers Limited, an associate company in which the Company holds 43.94 % 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 2019 is Nil. Accordingly, the Company's share in the net assets of the associate company have not been recognised in the consolidated financial statements. (Also Refer Note 14(i)).

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 de - recognized 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 property, plant and equipment are capitalized at cost. Otherwise, such items are classified as inventories.

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 de - recognized 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 biennial evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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 lives of intangible assets – Software is 5 Years.

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 re - stated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

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

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:

The Company earns revenue primarily from sale of Urea. Effective April 1, 2018, the Company has applied Ind AS 115, Revenue from Contracts with Customers, which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. Ind AS 115 replaces Ind AS 18 “Revenue” and Ind AS 11 “Construction Contracts”. The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 01, 2018). The impact of adoption of the standard on the financial statements of the company is insignificant.

Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as per the contract with the customer. Revenue also excludes taxes collected from customers.

Under the New Pricing Scheme for Urea, the Government of India reimburses, in the form of subsidy, to the Fertilizer Industry based on the retention price computed on the lower of Naptha or Regasified Liquefied Natural Gas (RLNG) price. 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 revenue 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 the 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 utilized. Un - recognized deferred tax assets are re - assessed at each reporting date and are recognized 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 recognize 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 inflows 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 FVTOCI. Movements in the carrying amount are taken through Other Comprehensive Income (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 FVTPL. 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 OCI 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 Profit & Loss, 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 10 (Ten) 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 6.

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 pre - payment, 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.

De - recognition:

A financial asset is de - recognized 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 de - recognized 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 de - recognized.

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 de - recognized 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.

De - recognition:

A financial liability is de - recognized 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 de - recognition 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.

Re - measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re - measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not re - classified 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 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 recognized 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 contract, to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date of 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.

xxiii) Functional and presentation currency:

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

Standards (including amendments) issued but not yet effective:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019:

a. Ind AS 116 – Leases:

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

The company will adopt Ind AS 116 effective annual reporting period beginning April 1, 2019. The company will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the company will recognise a lease liability measured at the present value of the remaining lease payments. The right - of - use asset is recognised at its carrying amount as if the Standard had been applied since the commencement date but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the company will elect not to apply the requirements of Ind AS 116 to short - term leases and leases for which the underlying asset is of low value. On transition, the company will be using the practical expedient provided by the standard. The company is currently evaluating the effect in the adoption of this standard.

b. Ind AS 12 - Income taxes (amendments relating to uncertainty over income tax treatments and income tax consequences on dividend distribution):

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The effective date for adoption of Ind AS 12 amendments are annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The Company is currently evaluating the effect of this amendment on the financial statements.

c. Ind AS 19 - Plan amendment, curtailment or settlement (Amendment):

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements. The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re - measurement are determined using the assumptions used for the re - measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The company does not expect this amendment to have any significant impact on its financial statements.

d. Ind AS 23 – Borrowing Costs (Amendment):

On March 30, 2019, the Ministry of Corporate Affairs issued amendments to Ind AS 23, Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The company does not have any impact from this amendment.

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 has 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 33.

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.

SPIC

Note 4: Property, Plant & Equipment and Other Intangible Assets:

(₹ in lac)

Particulars	Gross block				Accumulated depreciation and amortisation				Net block	
	Opening Balance as at 1 April, 2018	Additions / Adjustments	Deletions / Adjustments	Closing Balance as at 31 March, 2019	Opening Balance as at 1 April, 2018	Depreciation Expense	Deletions / Adjustments	Closing Balance as at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
(i) Tangible Assets (Owned)										
(a) Land										
- Freehold	4714.48	1115.25	-	**5829.73**	**-**	-	-	**-**	**5829.73**	4714.48
(b) Buildings	3288.79	52.37	-	**3341.16**	**322.22**	164.24	-	**486.46**	**2854.70**	2966.57
(c) Plant and Equipment	19423.09	384.93	65.35	**19742.67**	**4020.55**	2690.36	56.45	**6654.46**	**13088.21**	15402.54
(d) Furniture and Fixtures	60.64	2.23	-	**62.87**	**9.94**	5.24	-	**15.18**	**47.69**	50.70
(e) Vehicles	141.99	44.44	38.33	**148.10**	**13.01**	24.74	32.51	**5.24**	**142.86**	128.98
(f) Office equipments	2062.50	147.67	6.61	**2203.56**	**1191.84**	254.16	6.29	**1439.71**	**763.85**	870.66
(g) Roads	74.55	-	-	**74.55**	**41.65**	20.95	-	**62.60**	**11.95**	32.90
(h) Railway Sidings	298.14	-	-	**298.14**	**27.64**	13.82	-	**41.46**	**256.68**	270.50
Total	**30064.18**	**1746.89**	**110.29**	**31700.78**	**5626.85**	**3173.51**	**95.25**	**8705.11**	**22995.67**	**24437.33**
(ii) Other Intangible Assets	129.98	59.91	-	**189.89**	**23.27**	28.74	-	**52.01**	**137.88**	106.71

Previous year:

(₹ in lac)

Particulars	Gross block				Accumulated depreciation and amortisation				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	Depreciation Expense	Deletions / Adjustments	Closing Balance as at 31 March, 2018	As at 31 March, 2018	As at 31 March, 2017
(i) Tangible Assets (Owned)										
(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**	**270.51**	284.32
Total	**28353.92**	**2365.74**	**655.48**	**30064.18**	**2225.81**	**3984.55**	**583.51**	**5626.85**	**24437.33**	**26128.11**
(ii) Other Intangible Assets	**-**	**129.98**	**-**	**129.98**	**-**	**23.27**	**-**	**23.27**	**106.71**	**-**

Depreciation Expense:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i) Property, Plant & Equipment	**3173.51**	3984.55
(ii) Investment Property	**3.47**	3.47
(iii) Other Intangible Assets	**28.74**	23.27
Total	**3205.72**	4011.29

Note 5: Investment Property:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Carrying amount of		
Completed investment property	**129.18**	132.65
Total	**129.18**	132.65

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Cost or Deemed cost		
Balance at the beginning of the year	**139.59**	139.59
Additions	**-**	-
Balance at the end of the year	**139.59**	139.59
Accumulated depreciation and impairment		
Balance at the beginning of the year	**6.94**	3.47
Depreciation expense	**3.47**	3.47
Balance at the end of the year	**10.41**	6.94

Note 5.1: Fair value of the Company's investment property:

The fair value of the property is Rs.316.96 lac (Rs.316.96 lac), as per valuation performed by M/s. Anbusivam Valuers., an accredited independent valuer in the previous year. M/s. Anbusivam Valuers is a specialist in valuing these types of investment properties. The Management feels there wont by any significant change in valuation for current year. The valuation will be biennial.

Fair value was derived using the market comparable approach based on recent market / Government guideline prices without any significant adjustments being made to the market observable data. In estimating the fair value of the property, the current use is considered as the highest and best use.

Note 5.2: Information regarding income and expenditure of Investment property:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Rental income derived from investment properties	**15.78**	10.48
Direct operating expenses (including repairs and maintenance) generating rental income	**-**	-
	15.78	10.48
Less – Depreciation	**(3.47)**	(3.47)
Profit arising from investment properties before indirect expenses	**12.31**	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 6: Non - Current Investments:

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
A	**Investments in Associates at cost**		
1.	**Quoted Investments in equity instruments**		
	- Tuticorin Alkali Chemicals and Fertilizers Limited (Refer Note 6 (ii) (d) below) 5,35,30,113 (66,80,113) Equity Shares of Rs. 10 each, fully paid up	**2685.00**	-
	Less: Share of accumulated loss (Refer Note 14(i))	**(2685.00)**	-
	Total Aggregate Quoted Investments (1)	**-**	-
2.	**Unquoted investments**		
a)	**Investments in equity instruments**		
	- Gold Nest Trading Company Limited		
	2,49,000 (2,49,000) Equity Shares of Rs. 100 each, fully paid up	**-**	-
	(Also Refer Note 14 (ii))		
	Add: Share of Profit and Other Comprehensive Income	**25.24**	-
		25.24	-
	-Greenam Energy Private Limited (Refer Note 6 (ii) (b) below)		
	56,86,502 (2) Equity Shares of Rs. 10 each, fully paid up	**568.65**	0.00
	Add: Share of loss and Other Comprehensive Income	**(0.36)**	-
		568.29	0.00
b)	**Investment in preference shares**		
	- Tuticorin Alkali Chemicals and Fertilisers Limited (Refer Note 14 (i))		
	Nil (20,00,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up	**-**	2000.00
	Provision for Diminution in Investment value	**-**	(2000.00)
	Total Aggregate Unquoted Investments (2)	**593.53**	0.00
	Total Investments in associates (1) + (2)	**593.53**	0.00
B	**Investments in Joint Ventures at cost**		
1.	**Quoted Investments in equity instruments**		
	- Tamilnadu Petroproducts Limited		
	1,52,34,375 (1,52,34,375) Equity Shares of Rs. 10 each	**6125.72**	5311.15
	Add: Share of Profit and Other Comprehensive Income	**1079.21**	814.57
	Total Aggregate Quoted Investments (1)	**7204.93**	6125.72
2.	**Unquoted Investments in equity instruments**		
	- National Aromatics and Petrochemicals Corporation Limited		
	25,000 (25,000) Equity Shares of Rs. 10 each	**-**	-
	Provision for Diminution in Investment value	**-**	-
	Total Aggregate Unquoted Investments (2)	**-**	-
	Total Investments in joint ventures (1) + (2)	**7204.93**	6125.72
C	**Other Equity Investments carried at FVTOCI**		
1.	**Quoted Investments in equity instruments**		
	Investments in equity		
	- Manali Petrochemicals Limited		
	10,000 (10,000) Equity shares of Rs. 5 each, fully paid up	**2.52**	3.36
	- State Bank of India		
	9,660 (9,660) Equity Shares of Rs.1 each, fully paid up	**30.98**	24.14
	- ICICI Bank Limited		
	2,106 (2,106) Equity Shares of Rs. 2 each, fully paid up	**8.43**	5.86
	- Mercantile Ventures Limited (Refer Note 6 (ii) (e) below)		
	1,50,28,000 (92,20,000) Equity Shares of Rs. 10 each, fully paid up	**748.40**	963.49
	- SICAGEN India Limited		
	5,77,681 (5,77,681) Equity Shares of Rs. 10 each, fully paid up	**138.93**	206.81
	Total Aggregate Quoted Investments (1)	**929.26**	1203.66

Note 6: Non - Current Investments (continued):

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
2.	**Unquoted investments**		
	Investments in equity		
	- SPIC Petrochemicals Limited (Refer Note 6 (i) below)		
	Nil (25,37,50,009) Equity Shares of Rs. 10 each, fully paid up	**-**	25375.00
	Provision for Diminution in Investment value	**-**	(25375.00)
	- Biotech Consortium India Limited		
	2,50,000 (2,50,000) Equity Shares of Rs. 10 each, fully paid up	**25.00**	25.00
	- Chennai Willington Corporate Foundation		
	50 (50) Equity Shares of Rs. 10 each costing Rs. 450, fully paid up	**0.00**	0.00
	- OPG Power Generation Private Limited (Refer Note 6 (ii) (a) below)		
	2,08,800 (2,54,700) Equity Shares of Rs.10, fully paid up	**23.67**	28.95
	- R K Wind Farms (Karur) Private Limited (Refer Note 6 (ii) (c) below)		
	456 (Nil)Equity shares of Rs.10, fully paid up	**0.05**	-
	- South India Travels Private Limited (Refer Note 6 (ii) (e) below)		
	5,09,575 (Nil) Equity Shares of Rs. 10 each, fully paid up	**50.96**	-
	Total Aggregate Unquoted Investments (2)	**99.68**	53.95
	Total Other Equity Investments (1) + (2)	**1028.94**	1257.61
D	**Other Investments carried at FVTOCI**		
1	**Investments in Preference Shares**		
	- SPIC Petrochemicals Limited (Refer Note 6 (i) below)		
	Nil (5,000) 8% Redeemable Cumulative Non - Convertible Preference Shares of Rs. 100 each, fully paid up	**-**	5.00
	Provision for Diminution in Investment value	**-**	(5.00)
	Total Aggregate Unquoted Investments in preference shares (1)	**-**	-
2	**Investment in bonds - fully paid up**		
	- SPIC Petrochemicals Limited* (Refer Note 6 (i) below)		
	[Zero interest non - transferable bonds]	**-**	30609.63
	* 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)
	Total Aggregate Investments in Bond(2)	**-**	-
3	**Investment in Mutual Funds (all fully paid)**		
	- Canara Robecco Equity Diversified - Growth Plan (formerly known as Canara Robecco Fortune) - 94 units		
	12,760 (12,760) Units of Rs. 10 each	**1.00**	1.00
	Total Aggregate Investments In Mutul Funds (3)	**1.00**	1.00
	Total Other Investments (1) + (2) + (3)	**1.00**	1.00
	Aggregate book value of		
	- a) Quoted investments	**8134.19**	7329.38
	- b) Unquoted investments	**694.21**	54.95
	Aggregate market value of		
	Quoted investments	**8393.88**	9252.89

6 (i): The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn and Purified Terepthalic Acid. The Company had invested Rs.25,375.00 lac in the equity share capital, Rs.5.00 lac in preference share capital and Rs.30,609.63 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 Honorable Madras High Court ordered the winding up of the Company on 17th April 2009. The Board of Directors of the Company at their meeting dated 12th February 2019 approved the write off of the Investments of Rs.25,375.00 lac in the equity share capital, Rs.5.00 lac in preference share capital, Rs.30,609.63 lac of Unsecured Zero Interest Bonds and Advances due of Rs.318.91 lac from SPIC Petro, against the provisions made towards the balances in the earlier years and there is no financial impact due to this write off in current year.

6 (ii): During the year:

(a) 45,900 Equity shares of Rs.10 each @ Rs.11.50 per share valuing Rs.5.27 lac, was bought back by OPG Power Generation Private Limited due to reduction in consumption of power, as per Group Captive Scheme of the Government of India under Electricity Rules, 2005 and the balance equity shares held is 2,08,800.

(b) 56,86,500 Equity shares of Rs.10 each at par was allotted to the Company by M/s. Greenam Energy Private Limited (Greenam), a company incorporated for setting up a 25 - 29 MW DC solar power project. The Company has given an undertaken to lenders of Greenam for non - disposal / pledge of equity shares of Greenam so long as any moneys remain due by the Company under the Loan Agreement.

(c) 456 Equity shares of Rs.10/- each at par, aggregating Rs.0.05 lac was allotted to the Company by RK Wind Farms (Karur) Private Limited vide the Share Purchase and Shareholders Agreements entered on 18th February 2019, for purchase and consumption of 600 MW 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.

(d) 4,68,50,000 Equity shares of Rs 10 each, at par, was allotted by Tuticorin Alkali Chemicals and Fertilizers Limited (TFL), an associate of the Company, by way of conversion of 5% Redeemable Cumulative Preference Shares of Rs 100 each amounting to Rs 2000 lac held by the Company and other receivables aggregating Rs 2,685 lac. The allotment has been made pursuant to SEBI Order dated 6th September 2018 permitting these conversions. The equity shares are locked - in for such period as per Regulation 167 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The regulatory approvals for the allotment is in process.

(e) 58,08,000 Equity Shares of Rs. 10 each, at a premium of Rs. 3.50 per share of Mercantile Venture Limited for the value of Rs. 784.08 Lakhs and 5,09,575 Equity Shares of Rs. 10 each of South India Travels Private Limited had received by the Company based on the scheme of arrangement filed by Gold Nest Trading Company Limited. The balance due from Gold Nest Trading Company Limited was written off in the earlier year and hence these amounts were credited to other income during the year.

Note 7: Other financial assets:

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
A	**Other financial assets - Non current**		
	Financial assets carried at amortized cost		
	Deposits		
	Considered good	**287.10**	199.49
	Doubtful	**42.47**	42.34
		329.57	241.83
	Less: Provision for doubtful deposits	**42.47**	42.34
		287.10	199.49
	Loans to employees		
	Considered good	**-**	-
	Doubtful	**5.84**	5.84
		5.84	5.84
	Less: Provision for doubtful loans	**5.84**	5.84
		-	-
	Subsidy Receivable	**-**	-
	Total	**287.10**	199.49
B	**Other financial assets - current**		
	Financial assets carried at amortized cost		
	Advances to related parties		
	Considered good	**3557.75**	58.86
	Doubtful	**1488.96**	1488.16
		5046.71	1547.02
	Less: Provision for doubtful advances	**1488.96**	1488.16
		3557.75	58.86
	Interest accrued on deposits	**241.11**	89.01
	Insurance claims receivable	**0.08**	0.07
	Subsidy Receivable (Refer Note 17 (i))	**103201.37**	52581.52
	Total	**107000.31**	52729.46

Note 8: Other Non - Current Assets:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Deposits		
Considered good	**1509.75**	3052.05
Doubtful	**88.73**	88.73
	1598.48	3140.78
Less: Provision for doubtful deposits	**88.73**	88.73
	1509.75	3052.05
Advances to employees		
Doubtful	**10.23**	13.21
Less: Provision for doubtful loans and advances	**10.23**	13.21
	-	-
Capital advances	**2135.01**	608.79
Balances with government authorities		
Considered good	**963.94**	963.94
Doubtful	**210.22**	210.22
	1174.16	1174.16
Less: Provision for doubtful balances	**210.22**	210.22
	963.94	963.94
Total	**4608.70**	4624.78

Note 9: Inventories:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials in stock (at cost)	**12404.24**	10254.39
Raw material in - transit (at cost)	**437.92**	-
	12842.16	10254.39
Work in progress in stock (At cost) (Refer Note 9 (i) below)	**299.48**	2005.15
Finished goods in stock (At lower of cost and net realizable value)	**1529.32**	3801.02
Stock in trade	**-**	10.38
Stores and spares including packing material (At cost)	**2099.74**	1705.14
Fuel Oil (at cost)	**2014.66**	1098.54
Total	**18785.36**	18874.62

9 (i): Details of work - in - progress:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Tissue Culture	**195.16**	128.59
Others	**104.32**	1876.56
Total	**299.48**	2005.15

Note 10: Trade receivables:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	**1764.96**	4745.27
Unsecured, considered doubtful	**648.83**	649.03
	2413.79	5394.30
Less: Allowance for doubtful debts	**648.83**	649.03
Total	**1764.96**	4745.27

Note 11 (A): Cash and cash equivalents:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks:		
- In current accounts	**7235.88**	329.11
- In EEFC accounts	**0.92**	0.87
Cash on hand	**3.72**	4.03
Total	**7240.52**	334.01

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

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks:		
- In current accounts	**7235.88**	329.11
- In EEFC accounts	**0.92**	0.87
Cash on hand	**3.72**	4.03
Total	**7240.52**	334.01

Note11 (B): Bank balances other than Cash and cash equivalents:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks		
- Balances held as margin money or security against borrowings, guarantees and other commitments	**464.50**	420.45
-Balance in Escrow Account	**4.18**	4.20
Total	**468.68**	424.65

Note 12: Other current assets:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Advances to employees - Considered good	**0.36**	1.60
Other Advances		
Considered good	**54.39**	127.22
Doubtful	**174.21**	493.12
	228.60	620.34
Less: Provision for doubtful advances	**174.21**	493.12
	54.39	127.22
Prepaid expenses	**170.82**	216.23
Balances with government authorities		
Considered good	**12171.30**	18387.81
Doubtful	**37.40**	37.40
	12208.70	18425.21
Less: Provision for doubtful balances	**37.40**	37.40
	12171.30	18387.81
Advances to Suppliers	**1522.37**	440.48
Total	**13919.24**	19173.34

Note 13: Equity Share Capital:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised Share Capital		
31,60,00,000 (31,60,00,000) Equity shares of Rs.10 each	**31600.00**	31600.00
55,00,000 (55,00,000) Redeemable cumulative preference shares of Rs.100 each	**5500.00**	5500.00
3,00,00,000 (3,00,00,000) Fully Compulsorily Convertible Preference (FCCP) shares of Rs.18 each	**5400.00**	5400.00
	42500.00	42500.00
Issued, subscribed and fully paid up:		
20,36,40,336 (20,36,40,336) Equity shares of Rs.10 each	**20364.03**	20364.03
(Refer note 13 (i) to 13(iv) below)		

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

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

Class of shares / Name of shareholder	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
AMI Holdings Private Limited	**37276700**	**18.31**	37276700	18.31
Lotus Fertilizers Private Limited	**27995454**	**13.75**	27995454	13.75
The Bank of Newyork Mellon	**16791800**	**8.25**	16941800	8.32
FICON Holdings Limited	**15682775**	**7.70**	15682775	7.70
Preference Shares				
14.50% Redeemable cumulative non - convertible preference shares				
Bajaj Auto Limited	**300000**	**100.00**	300000	100.00
11.50% Redeemable cumulative non-convertible preference shares				
United India Insurance Company Limited	**-**	**-**	100000	11.76
AMI Holdings Private Limited	**650000**	**76.47**	650000	76.47
Dynamic Global Trading Corporation Limited	**200000**	**23.53**	100000	11.76
10.00% Redeemable cumulative non - convertible preference shares				
AMI Holdings Private Limited	**100000**	**100.00**	100000	100.00

13(iii): Equity shares include:

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 Rs. 10 per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

13 (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 14: Other Equity:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Capital Reserve	**97.24**	97.24
Capital Redemption Reserve	**6500.00**	6500.00
Securities Premium	**21047.71**	21047.71
Statutory Reserve	**41.33**	41.33
Deficit in Statement of Profit and Loss		
Opening balance	**(13740.88)**	(18281.47)
Add: Profit for the year	**6299.35**	4540.59
Closing balance	**(7441.53)**	(13740.88)
Share of Loss of Associates - (Refer Note 14 (i) & (ii) below)	**(2659.72)**	-
	(10101.25)	(13740.88)
-Reserve for equity instruments through other comprehensive income		
Opening balance	**223.12**	278.18
Add: Effect of measuring investments at fair value	**(952.63)**	(55.06)
Closing balance	**(729.51)**	223.12
-Re - measurement of defined plans		
Opening balance	**(47.14)**	(78.07)
-Acturial movement through other comprehensive income	**(165.28)**	30.93
Closing balance	**(212.42)**	(47.14)
- Share of Joint ventures	**73.70**	(39.95)
Total	**16716.80**	14081.43

Note 14(i):

During the year 4,68,50,000 Equity shares of Rs 10 each, at par, was allotted by Tuticorin Alkali Chemicals and Fertilizers Limited (TFL), an associate of the Company, by way of conversion of 5% Redeemable Cumulative Preference Shares of Rs 100 each amounting to Rs 2,000 lac held by the Company and other receivables aggregating Rs 2,685 lac. The opening carrying value of the investments as at 01 April 2018 in consolidated financial statements was Nil due to accumulated losses. The share of loss of Rs 2,685 lac on the date of further allotment has been included in the carrying value of statement of profit and loss.

Note 14(ii):

The National Company Law Tribunal vide its order dated 28-02-2019 approved the scheme of arrangement submitted by Gold Nest Trading Company Limited, an associate of the company for reduction of capital and settlement of dues to Debenture holders, Preference shareholders and other creditors. The company's share of net surplus arising from the scheme of arrangement amounting to Rs. 25.24 lac included in Other Equity.

Capital Reserve and Statutory Reserve:

Capital Reserve of Rs.97.24 lac and Statutory Reserve of Rs.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 Act 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:

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

Note 15: Non - current borrowings:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured at amortised cost		
Term loans		
From Related Parties (Refer Note 15 (i) below)	**12865.50**	16275.00
Total	**12865.50**	16275.00

15 (i): The Company during the FY 2016-17 & FY 2017-18, had issued unsecured Indian Rupee denominated bonds (Masala Bonds) of Rs.20,670 lac to AM International Holdings Pte Ltd, Singapore, which was approved by the Board of Directors vide their meeting held on 20th 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 Rs 16,275 lac (previous year Rs.16,275 lac) as at the Balance Sheet date. An amount of Rs.3,409.50 lacs will be maturing during December 2019 and the same is classified as current maturities of long term borrowings in Note 16 B.

Note 16: Other Financial Liabilities:

(₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
A	**Other financial liabilities non - current**		
	Trade / security deposits received	**2805.36**	2582.87
	Liabilities for expenses	**83.33**	348.21
	Total	**2888.69**	2931.08
B	**Other financial liabilities current**		
	Current maturities of long term borrowings (Refer Note 15(i))	**3409.50**	-
	Interest accrued but not due on borrowings	**128.20**	101.70
	Interest accrued and due on borrowings	**48.50**	34.48
	Retention Money	**73.64**	51.94
	Other payables		
	- Advances from customers and other parties	**153.80**	3765.55
	Total	**3813.64**	3953.67

Note 17: Current borrowings:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Term loans (at amortised cost)		
From banks - Secured (Refer Note 17 (i) below)	**14635.82**	1061.00
From banks - Unsecured	**2387.70**	2387.70
Loans repayable on demand (at amortised cost)		
From other parties - Unsecured	**1934.33**	1934.33
Unsecured - at amortised cost		
3,00,000 (3,00,000) 14.50% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (ii) below)	**300.00**	300.00
8,50,000 (8,50,000) 11.50% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (iii) below)	**850.00**	850.00
1,00,000 (1,00,000) 10.00% Redeemable cumulative non - convertible preference shares of Rs.100 each (Refer Note 17 (iv) below)	**100.00**	100.00
Interest accrued on cumulative preference shares	**3552.71**	3370.66
Total	**23760.56**	10003.69

17 (i): During the current year Rs.14,635.82 lac received from Punjab National Bank under Special Banking Arrangement as approved by Ministry of Finance, Department of Economic Affairs vide O.M. No. 7/22/2017-BA dt. 7th February 2019 secured against subsidy receivables from the Government of India for the period Jan 2019 to March 2019. The bank has charged an interest of 8.20% p.a. on the said arrangement out of which interest @ 7.72% p.a. is to be borne by the Government of India and balance 0.48% is to be borne by the Company. Accordingly Rs.11.82 lac being the interest paid by the Company has been included under finance charges. The above loan was adjusted against subsidy amount during April 2019.

17 (ii): 14.50% Redeemable cumulative non - convertible preference shares of Rs.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.

17 (iii): 11.50% Redeemable cumulative non - convertible preference shares of Rs.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.

17 (iv): 10.00% Redeemable cumulative non - convertible preference shares of Rs.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 18: Trade payables:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Trade payables:		
- Total outstanding dues to Micro, Small and Medium Enterprises (Refer Note 18(i) below)	**-**	-
- Total outstanding dues other than Micro, Small and Medium Enterprises	**120872.95**	73906.37
Total	**120872.95**	73906.37

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

Dues to Micro and Small 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 2019**	As at 31 March 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	**-**	--
(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 19: Short - term provisions:

(₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Provision for employee benefits:		
- Provision for compensated absences	**389.34**	322.46
Total	**389.34**	322.46

Note 20: Other current liabilities:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Minimum Alternate Tax Payable	**-**	4476.06
Other payables		
- Statutory remittances	**390.40**	156.21
- Gratuity payable	**439.47**	220.69
- Superannuation fund payable	**930.53**	782.38
-Other Deposits	**60.00**	-
Total	**1820.40**	5635.34

Note 21: Revenue from operations:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products	**45259.02**	42947.93
Less: Rebates and discounts	**(4546.24)**	(2464.30)
	40712.78	40483.63
Subsidy Income	**217598.75**	157918.12
Sales (Refer Note 21 (i) below)	**258311.53**	198401.75
Other operating revenues (Refer Note 21 (ii) below)	**884.27**	1044.05
Total	**259195.80**	199445.80

21 (i): Sales:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Manufactured goods		
Urea	**33806.84**	35335.83
Fertiliser and Transport Subsidy (Urea)	**217598.75**	157918.12
Others	**1044.03**	1071.33
Traded goods		
Imported Urea	**5861.91**	4076.47
Total	**258311.53**	198401.75

21 (ii): Other Operating Revenues:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Facility Sharing Income	**777.03**	855.66
Sale of scrap	**107.24**	80.36
Others	**-**	108.03
Total	**884.27**	1044.05

Note 22: Other income:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income (Refer Note 22 (i) below)	**774.75**	179.97
Dividend income from long - term investments	**79.72**	3.87
Liabilities / Provision no longer required written back	**345.48**	152.15
Rental Income	**34.72**	29.18
Profit on sale of assets	**2.84**	0.99
Insurance Claims received	**6.16**	5.78
Others*	**902.40**	120.21
Total	**2146.07**	492.15

* Includes amount of Rs. 835.04 lac (previous year Nil) received against advances written off in earlier years (Refer Note 6 (ii) (e)).

22 (i): Interest income:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on Income Tax Refund	**123.91**	-
Interest from banks deposits	**22.06**	72.33
Other interest	**628.78**	107.64
Total	**774.75**	179.97

Note 23: Cost of materials consumed:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock	**10254.39**	12609.44
Add: Purchases #	**154798.75**	100910.16
	165053.14	113519.60
Less: Closing stock	**12842.16**	10254.39
Total	**152210.98**	103265.21

Includes Rs.3,697.39 (previous year Rs. 1,259.61) lac of foreign exchange gain / loss.

Note 24: Purchase of Stock - in - trade:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Imported urea	**3581.41**	1637.45
Total	**3581.41**	1637.45

Note 25: Changes in inventories of finished goods, stock in trade and work-in-progress:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Inventories at the beginning of the year:		
Finished goods	**3801.02**	5540.69
Work - in - progress	**2005.15**	219.39
Stock in trade	**10.38**	1558.19
	5816.55	7318.27
Inventories at the end of the year:		
Finished goods	**1529.32**	3801.02
Work-in-progress	**299.48**	2005.15
Stock in trade	**-**	10.38
	1828.80	5816.55
Net Decrease	**3987.75**	1501.72

Note 26: Employee benefit expenses:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	**5033.03**	4324.85
Contributions to provident and other funds	**490.36**	384.97
Contributions to gratuity fund	**103.26**	107.36
Staff welfare expenses	**570.17**	463.65
Total	**6196.82**	5280.83

Note 27: Finance costs:

(₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on:		
- Minimum Alternate Tax	**-**	2371.88
- Borrowings	**1895.24**	1361.00
- Deposits	**182.69**	170.81
- Others*	**1307.38**	2.16
Other borrowing costs	**182.04**	182.04
Total	**3567.35**	4087.89

* Includes Rs. 1,304.07 lac (previous year Nil) finance charges relating to raw material payments.

Note 28: Other expenses: (₹ in lac)

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
Consumption of stores and spare parts		**1755.92**		1463.82
Packing, transportation and handling		**15646.55**		14400.50
Increase of excise duty on inventory		**-**		10.78
Power and fuel		**56306.18**		44744.81
Water		**3441.44**		9438.96
Rent		**544.40**		593.34
Repairs to				
- Buildings	**620.84**		704.60	
- Machinery	**1096.18**		1248.25	
- Others	**848.46**		754.51	
		2565.48		2707.36
Insurance		**248.50**		274.94
Rates and taxes		**163.65**		114.27
Port handling charges		**674.68**		325.90
Travelling and conveyance		**603.36**		600.37
Sales promotion expenses		**14.28**		5.22
Professional fees		**205.73**		201.42
Payment to auditors (Refer Note 28 (i) below)		**25.87**		19.39
Bad trade and other receivables, loans and advances written off (Refer Note 6 (i))	**318.91**		-	
Less: Transfer from Provision	**318.91**		-	
		-		-
Assets written off		**9.23**		65.01
Investments Written off (Refer Note 6 (i))	**55989.64**		-	
Less: Transfer from Provision	**55989.64**		-	
		-		-
Net loss on foreign currency transactions and translation		**-**		665.08
Provision for doubtful trade and other receivables, loans and advances (net)		**0.80**		0.41
Director's sitting fees		**22.50**		14.45
Miscellaneous expenses		**1029.12**		944.50
Total		**83257.69**		76590.53

Includes Rs.345.01 lac (previous year Nil) of foreign exchange gain / loss.

28 (i): Payment to Auditors: (₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Payments to the auditors comprises (net of GST input credit, where applicable):		
- As auditors - statutory audit	**15.00**	15.00
- For limited reviews	**3.00**	3.00
- For certifications	**6.15**	1.15
- Reimbursement of expenses	**1.72**	0.24
Total	**25.87**	19.39

Note 29 : Exceptional items: (₹ in lac)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit on sale of land	**-**	244.53
Total	**-**	244.53

Note 30: Plant Operation:

(i) During the year the Company achieved a production of 6.520 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 and sold 1.145 lac MT of Urea.

(ii) Government of India on 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. The subsidy would be paid based on the Retention Price computed on the lower of Naphtha / Fuel oil or Regasified Liquefied Natural Gas (RLNG) price.

(iii) Subsidy for the period 1 April 2018 to 31 March 2019 of Rs. 2,02,789.02 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 31: Commitments:

Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 10,951.17 lac (Previous year Rs. 2,754.84 lac).

Note 32: Contingent Liabilities:

(a) Claims not acknowledged as debts:

(i) The District Collector, Tuticorin vide his letter dated, 21 August 2009 had demanded Rs. 16,873.97 lac (Previous year Rs.16,873.97 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 43 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims including interest made by TWAD for 3,389.41 lac (Previous year Rs. 2,867.67 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2019 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 (VOCPT) towards increase in rental charges from 1 July 2007 onwards. The amount payable as on 31.03.2019 is Rs.973.28 lac (from 01.07.2007 to 31.03.2019) (Previous year Rs. 870.80 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) No provision has been considered necessary by the Management for the following disputed Excise duty, Service tax, Sales Tax and Electricity tax 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 2019	As at 31 March 2018
The Central Excise Act, 1944	**65.61**	365.33
The Finance Act, 1994 (Service Tax)	**404.78**	214.97
Sales Tax Act under various State enactments	**933.34**	1022.76
The Tamilnadu Electricity (Taxation on Consumption) Act, 1962	**1050.54**	1050.54
Employees State Insurance Act, 1948	**--**	13083.67
Total	**2454.27**	15737.27

Out of the above demand of Rs.2,454.27 lac (Previous year Rs. 15,737.27 lac), an amount of Rs. 640.30 lac (Previous year Rs. 1,166.45 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 2019	As at 31 March 2018
1	Sales tax	**293.10**	293.10
2	Excise Duty	**41.59**	52.94
3	Service tax	**70.41**	70.41
4	Income tax	**504.98**	404.63
5	Electricity tax	**178.60**	178.60
6	Cross Subsidy Charge under Group Captive Scheme (Refer Note below)	**1037.89**	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 Rs 6,130.48 lac (SPIC share Rs 1,037.89 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.

Note 33: Employee benefits:

A. Defined contribution plan:

(₹ in lac)

Particulars	31 March 2019	31 March 2018
During the year, the Company has recognized the following amounts in the Statement of Profit and Loss - Employers' Contribution to Provident Fund, ESI and Superannuation.	**490.36**	384.97

B. Defined benefit plans:

Gratuity:

In respect of Gratuity plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 31st March 2019 by the Actuary. The present value of the Defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the gratuity plan of the company and the amount recognized in the Balance Sheet and statement of profit and loss. The company provides the gratuity benefit through annual contributions to a fund managed by the Life Insurance Corporation of India (LIC).

(₹ in lac)

Sl No	Particulars	31 March 2019	31 March 2018
	Defined benefit plans		
	a) Gratuity payable to employees	**103.26**	107.36
	b) Compensated absences for Employees	**182.10**	62.51
		Employees' gratuity fund	
i)	**Actuarial assumptions**	**31 March 2019**	31 March 2018
	Discount rate (per annum)	**7.60%**	7.70%
	Rate of increase in Salary	**7.00%**	7.00%
	Expected rate of return on Plan Assets	**7.60%**	7.70%
	Attrition rate	**3.00%**	3.00%

Note 33: Employee benefits (continued): (₹ in lac)

Sl No	Particulars	31 March 2019	31 March 2018
ii)	**Changes in the present value of defined benefit obligation**		
	Present value of obligation at the beginning of the year	**1494.50**	1542.78
	Interest cost	**103.28**	106.38
	Current service cost	**88.18**	87.37
	Benefits paid and charges deducted	**(306.33)**	(210.55)
	Actuarial (gain) / loss on obligations	**179.29**	(31.48)
	Present value of obligation at the end of the year	**1558.93**	1494.50
iii)	**Changes in fair value of plan assets**	**31 March 2019**	31 March 2018
	Fair value of plan assets as at the beginning of the period	**1273.81**	1380.04
	Expected return on plan assets	**88.21**	94.71
	Contributions	**49.76**	10.17
	Benefits paid and Charges deducted	**(306.33)**	(210.55)
	Actuarial gain / (loss) on plan assets [balancing figure]	**14.01**	(0.55)
	Fair value of plan assets as at the end of the period	**1119.46**	1273.81
iv)	**Expense recognized in the Statement of Profit and Loss**	**Employees' gratuity fund**	
		31 March 2019	31 March 2018
	Current service cost	**88.18**	87.37
	Interest cost	**15.08**	11.67
	Total expenses recognized in the Statement of Profit and Loss*	**103.26**	99.04
	*Included in Employee benefits expense (Refer Note 26). Actuarial (gain)/loss of INR 165.28 Lac (31 March 2018: INR (30.93) Lac) is included in other comprehensive income.		
v)	**Assets and liabilities recognized in the Balance Sheet:**	**Employees' gratuity fund**	
		31 March 2019	31 March 2018
	Present value of funded obligation as at the end of the year	**1558.93**	1494.49
	Fair value of plan assets	**1119.46**	1273.81
	Funded net liability recognized in Balance Sheet*	**439.47**	220.69
	*Included in other current liabilities		
vi)	**Amount recognized for the current period in the statement of Other Comprehensive Income (OCI)**	**31 March 2019**	31 March 2018
	Actuarial (gain) / loss on Plan Obligations	**179.29**	(31.48)
	Difference between Actual Return and Interest Income on Plan Assets-(gain) / loss	**(14.01)**	0.55
	(Gain) / loss recognized in OCI for the current period	**165.28**	(30.93)
vii)	**A quantitative sensitivity analysis for significant assumption as at 31 March 2019 and 31 March 2018 are as shown below:**	**Employee's gratuity fund**	
		31 March 2019	31 March 2018
	Impact on defined benefit obligation		
	Discount rate		
	0.5% increase	**1506.08**	1447.57
	0.5% decrease	**1615.55**	1544.61
	Rate of increase in salary		
	0.5% increase	**1616.67**	1545.67
	0.5% decrease	**1504.55**	1446.14
viii)	**Expected Benefit Payments in following years**	**Employee's gratuity fund**	
	Year 1	**88.24**	121.04
	Year 2	**368.17**	371.20
	Year 3	**200.41**	197.72
	Year 4	**172.99**	165.95
	Year 5	**163.87**	165.12
	Next 5 Years	**611.52**	544.22

Note 34: Income Tax:

(A) The following is the analysis of deferred tax assets / (liabilities) presented in the Balance Sheet:

(₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred tax assets	**5015.60**	4893.17
Deferred tax liabilities	**(1309.47)**	(1292.89)
Total	**3706.13**	3600.28

2018-19: (₹ in lac)

Particulars	Opening Balance	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities) / asset in relation to:				
Property, plant and Equipment	**(1237.11)**	**(72.36)**	**-**	**(1309.47)**
Provision for Doubtful Debts, Provision for Compensated absence and others	**325.15**	**140.79**	**-**	**465.94**
Unabsorbed Depreciation	**4568.02**	**(166.28)**	**-**	**4401.74**
Unabsorbed Business Loss	**-**	**-**	**-**	**-**
Unabsorbed Interest Allowance	**-**	**97.85**	**-**	**97.85**
Financial Assets at FVTOCI	**(55.78)**	**-**	**105.85**	**50.07**
	3600.28	**-**	**105.85**	**3706.13**
Deferred Tax Asset (Net)	**3600.28**	**-**	**105.85**	**3706.13**
MAT Credit Entitlement	**6604.50**	**97.97**	**-**	**6702.47**
Net Deferred Tax Assets	**10204.78**	**97.97**	**105.85**	**10408.60**

2017-18: (₹ in lac)

Particulars	Opening Balance	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Closing Balance
Deferred tax (liabilities) / asset in relation to:				
Property, plant and Equipment	(1578.47)	341.36	-	(1237.11)
Provision for Doubtful Debts, Provision for Compensated absence and others	235.89	89.26	-	325.15
Unabsorbed Depreciation	4568.02	-	-	4568.02
Unabsorbed Business Loss	430.62	(430.62)	-	-
Financial Assets at FVTOCI	(69.54)	-	13.76	(55.78)
	3586.52	-	13.76	3600.28
Deferred Tax Asset (Net)	3586.52	-	13.76	3600.28
MAT Credit Entitlement	-	6604.50	-	6604.50
Net Deferred Tax Assets	3586.52	6604.50	13.76	10204.78

(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 2019	As at 31 March 2018
Business losses	**-**	295.45
Capital losses (Also Refer Note 6(i))	**65448.25**	9458.61

Note 35: 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 segments: (₹ in lac)

Particulars	Segment Revenue		Segment Profit	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Agro Inputs (Urea Operations)	**258591.11**	199117.88	**9129.71**	9718.02
Others (Agri business)	**767.73**	739.77	**(103.13)**	(249.54)
Unallocated income	**1983.03**	80.30		
Total	**261341.87**	199937.95	**9026.58**	9468.48
Exceptional Income			**-**	244.53
Finance Cost			**(3567.35)**	(4087.89)
Other Net Unallocable Expenses			**(125.08)**	(1902.57)
Share of profit in joint venture			**1261.02**	1246.16
Tax Expense			**295.82**	428.12
Profit for the year			**6299.35**	4540.59

Segment Assets and Liabilities: (₹ in lac)

Particulars	**As at 31 March 2019**	As at 31 March 2018
Segment Assets		
Agro inputs (Urea Operations)	**162305.88**	106020.16
Others (Agri business)	**1855.42**	1906.32
Unallocable Assets	**39330.61**	39546.60
Total Assets	**203491.91**	147473.08
Segment Liabilities		
Agro inputs (Urea Operations)	**138614.32**	77426.39
Others (Agri business)	**245.79**	228.18
Unallocable Liabilities	**27550.97**	35373.01
Total Liabilities	**166411.08**	113027.58

Other Segment Information: (₹ in lac)

Particulars	Depreciation and Amortisation		Capital Expenditure	
	Year ended 31 March 2019	Year ended 31 March 2018	**As at 31 March 2019**	As at 31 March 2018
Agro Inputs (Urea Operations)	**3111.13**	3929.36	**5121.92**	3639.95
Others (Agri business)	**46.67**	46.38	**2.31**	9.28
Unallocable	**47.92**	35.55	**37.07**	82.67
Total	**3205.72**	4011.29	**5161.30**	3731.90

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

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

Note 36 (i): Related party disclosures for the year ended 31 March 2019:

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
Jointly Controlled entities	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	AM International Holdings Pte. Ltd, Sinagpore
	6	AMI Holdings Private Limted
	7	SICAGEN India Limited
	8	SPIC Officers and Staff Welfare Foundation
	9	South India Travels Private Limited
	10	Lotus Fertilizers Private Limited
	11	EDAC Engineering Limited
	12	EDAC Staffing Solution Private Limited
	13	EDAC Automation Limited
	14	Totalcomm Infra Services Private Limited
	15	Twinshield Consultants Private Limited
	16	AM Foundation
	17	SPIC Group Companies Employees Welfare Foundation

Note 36 (ii): (A) Balance Outstanding as at 31.03.2019: (₹ in lac)

S. No.		Particulars	As at 31 March 2019	As at 1 April 2018
	(a)	**Receivables**		
		Tamilnadu Petroproducts Limited	**3.12**	2.22
		Tuticorin Alkali Chemicals and Fertilizers Limited	**5.06**	2536.54
		Greenstar Fertilizers Limited	**1698.88**	2536.69
		Wilson International Trading (India) Private Limited	**0.05**	0.05
		EDAC Engineering Limited	**60.70**	21.31
		EDAC Automation Limited	**-**	0.29
		Totalcomm Infra Services Private Limited	**0.80**	1.44
		Twinshield Consultants Private Limited	**36.45**	36.45
		Lotus Fertilizers Private Limited	**4.41**	8.93
		SICAGEN India Limited	**0.23**	-
		Wilson International Trading Pte. Ltd, Singapore	**-**	1.12
		AM Foundation	**0.01**	0.00

Note 36 (ii): (A) Balance Outstanding as at 31.03.2019 (continued): (₹ in lac)

S. No.	Particulars	As at 31 March 2019	As at 1 April 2018
	(b) Advances to		
	SICAGEN India Limited	**1.87**	0.53
	Greenstar Fertilizers Limited	**3552.67**	1.30
	Tamilnadu Petroproducts Limited	**2.77**	-
	National Aromatics and Petrochemicals Corporation Limited *	**1488.96**	1488.16
	Manali Petrochemicals Limited	**0.45**	0.37
	Tuticorin Alkali Chemicals and Fertilizers Limited	**-**	56.66
	(c) Payables		
	Greenstar Fertilizers Limited	**2297.21**	5795.64
	Tamilnadu Petroproducts Limited	**-**	1.12
	SICAGEN India Limited	**226.77**	112.72
	Wilson International Trading Pte. Ltd, Singapore	**50037.58**	35064.11
	EDAC Engineering Limited	**-**	35.90
	EDAC Automation Limited	**68.42**	12.53
	EDAC Staffing Solution Private Limited	**0.51**	0.51
	Tuticorin Alkali Chemicals and Fertilizers Limited	**539.36**	264.10
	Lotus Fertilizers Private Limited	**1805.55**	1805.55
	South India Travels Private Limited	**3.17**	2.82
	Twinshield Consultants Private Limited	**15.30**	-
	(d) Equity Share Capital including Securities premium		
	AMI Holdings Private Limited	**6523.42**	6523.42
	(e) Preference Share Capital		
	AMI Holdings Private Limited	**750.00**	750.00
	(f) Cash collateral provided against bank borrowings		
	AM International Holdings Pte Ltd,Singapore (in USD)	**37.50**	37.50
	(g) Borrowings		
	AM International Holdings Pte Ltd,Singapore	**16370.17**	16382.23
	(h) Investment in Equity Shares		
	Tamilnadu Petroproducts Limited	**7204.93**	6125.72
	Greenam Energy Private Limited	**568.29**	0.00
	Manali Petrochemicals Limited	**2.52**	3.36
	South India Travels Private Limited	**50.96**	-
	SICAGEN India Limited	**138.93**	206.81
	SPIC Petrochemicals Limited #	**-**	25375.00
	Gold Nest Trading Company Limited	**25.24**	-
	(i) Investment in Preference Shares		
	SPIC Petrochemicals Limited #	**-**	5.00
	(j) Investment in Bond		
	SPIC Petrochemicals Limited #	**-**	30609.63

*Dues have been fully provided for.

Written off in current year utilizing the provision.

Note 36 (ii): (B) The following transactions were carried out with the related parties: (₹ in lac)

S. No.	Particulars	For the year 2018-19	For the year 2017-18
1	**Sale of goods**		
	Tuticorin Alkali Chemicals and Fertilizers Limited	**61.34**	127.27
	Greenstar Fertilizers Limited	**371.28**	70.15
	Lotus Fertilizers Private Limited	**236.37**	226.70
2	**Purchase of materials**		
	Tuticorin Alkali Chemicals and Fertilizers Limited	**390.93**	288.11
	Greenstar Fertilizers Limited	**3639.21**	5262.57
	Tamilnadu Petroproducts Limited	**62.74**	85.75
	Wilson International Trading Pte Ltd, Singapore	**72956.55**	34986.48
	SICAGEN India Limited	**560.13**	437.85
	Lotus Fertilizers Private Limited	**-**	1593.68
3	**Reimbursement of Expenses (Receipts)**		
	Greenstar Fertilizers Limited	**2570.22**	117.43
	National Aromatics and Petrochemicals Corporation Limited	**0.80**	0.41
	EDAC Staffing Solution Private Limited	**-**	0.02
	Totalcomm Infra Services Private Limited	**0.13**	0.18
	AM Foundation	**4.88**	2.43
	SPIC Officers and Staff Welfare Foundation	**0.06**	0.54
	SPIC Group Companies Employees Welfare Foundation	**1.85**	0.52
	Wilson International Trading Pte. Ltd, Singapore	**-**	1.12
4	**Reimbursement of Expenses (Payments)**		
	SICAGEN India Limited	**6.66**	4.82
	Greenstar Fertilizers Limited	**-**	1.15
5	**Income from services rendered**		
	AM Foundation	**-**	0.02
	Manali Petrochemicals Limited	**5.46**	4.17
	Tamilnadu Petroproducts Limited	**0.80**	0.65
	Tuticorin Alkali Chemicals and Fertilizers Limited	**9.74**	9.00
	Greenstar Fertilizers Limited	**919.31**	1080.31
	Wilson International Trading (India) Private Limited	**0.62**	0.49
	SICAGEN India Limited	**1.54**	2.12
	EDAC Engineering Limited	**7.11**	12.32
	EDAC Automation Limited	**0.16**	0.80
	EDAC Staffing Solution Private Limited	**-**	0.11
	Totalcomm Infra Services Private Limited	**0.25**	0.61
6	**Services / Consultancy Charges**		
	Greenstar Fertilizers Limited	**478.16**	202.49
	EDAC Automation Limited	**193.68**	212.73
	SICAGEN India Limited	**14.93**	59.31
	EDAC Engineering Limited	**37.57**	49.31
7	**Income from Rentals**		
	Greenstar Fertilizers Limited	**104.31**	24.48
8	**Dividend Income**		
	Manali Petrochemicals Limited	**0.05**	0.05
	Tamilnadu Petroproducts Limited	**76.17**	-
	SICAGEN India Limited	**3.47**	3.47
9	**Managerial Remuneration**		
	Thiru. S R Ramakrishnan	**75.24**	75.11
10	**Water charges prepaid**		
	Greenstar Fertilizers Limited	**-**	1129.07
11	**Rent Paid**		
	Greenstar Fertilizers Limited	**813.69**	1924.09
	Twinshield Consultants Private Limited	**18.36**	-

Note 36 (ii): (B) The following transactions were carried out with the related parties (continued): (₹ in lac)

S. No.	Particulars	For the year 2018-19	For the year 2017-18
12	**Director Sitting Fees**		
	Thiru. Ashwin C Muthiah	**2.50**	2.00
13	**Trade Advance Received / Returned**		
	Greenstar Fertilizers Limited	**6090.05**	1350.00
14	**Trade Advance Paid / Returned**		
	Greenstar Fertilizers Limited	**8991.67**	1365.13
15	**Material Purchase Adv**		
	Greenstar Fertilizers Limited	**2493.82**	979.26
16	**Interest on Borrowings / Materials Paid**		
	AM International Holdings Pte Ltd, Singapore	**1464.75**	886.18
	Wilson International Trading Pte. Ltd, Singapore	**772.81**	-
17	**Borrowings**		
	AM International Holdings Pte Ltd, Singapore	**-**	16275.00
18	**Demurrage Charges**		
	Wilson International Trading Pte. Ltd, Singapore	**429.99**	186.19
19	**FSA - Adv**		
	Greenstar Fertilizers Limited	**-**	907.41
20	**Car Rental Charges**		
	South India Travels Private Limited	**43.05**	42.77
21	**Deposit given / received for directors appointment**		
	Manali Petrochemicals Limited	**-**	1.00
22	**Purchase of Intangible Asset - Software**		
	Sicagen India Limited	**-**	14.16
23	**Investment in Equity**		
	Greenam Energy Private Limited	**568.65**	0.00
	Tuticorin Alkali Chemicals and Fertilizers Limited	**2685.00**	-
24	**Transfer of investment**		
	Gold Nest Trading Company Limited	**835.04**	-

Note 37: 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 2019: (₹ in lac)

Particulars	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
Parent								
Southern Petrochemical Industries Corporation Limited	**80.57**	**29875.91**	**84.68**	**5334.15**	**111.32**	**(1117.91)**	**79.63**	**4216.24**
Joint Venture								
Tamilnadu Petroproducts Limited	**19.43**	**7204.93**	**15.32**	**965.20**	**(11.32)**	**113.65**	**20.37**	**1078.85**
Total	**100.00**	**37080.83**	**100.00**	**6299.35**	**100.00**	**(1004.26)**	**100.00**	**5295.09**

A Information regarding subsidiaries, associates and joint ventures included in the Consolidated Financial Statements for the year ended 31 March 2018: (₹ in lac)

Particulars	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
Parent								
Southern Petrochemical Industries Corporation Limited	82.22	28319.74	81.98	3722.55	116.83	(24.13)	81.82	3698.42
Joint Venture								
Tamilnadu Petroproducts Limited	17.78	6125.72	18.02	818.04	(16.83)	3.48	18.18	821.52
Total	100.00	34445.46	100.00	4540.59	100.00	(20.65)	100.00	4519.94

Note 38: Earnings Per Equity Share:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Face Value per share (In Rupees)	**10**	10
Profit for the year (Rupees in lac)	**5295.09**	4519.94
Basic		
Weighted Average Number of shares outstanding	**203640336**	203640336
Earnings per share (In Rupees)	**2.60**	2.22
Diluted		
Weighted Average Number of shares outstanding	**203640336**	203640336
Earnings per share (In Rupees)	**2.60**	2.22

Note 39: Financial Instruments:

39.1: Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and capital ratios in order to support its business and maximise shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, all non - current and current borrowings reduced by cash and cash equivalents.

The following table summarises the capital of the Company: (₹ in lac)

	Particulars	As at 31 March 2019	As at 31 March 2018
a)	Equity	**37080.83**	34445.46
b)	Non - Convertible preference share	**1250.00**	1250.00
c)	Borrowings other than non - convertible preference shares	**38785.56**	25028.69
d)	Less: Cash and Cash equivalents	**(7709.20)**	(758.65)
e)	**Total debt(b+c+d)**	**32326.36**	25520.04
f)	**Overall financing(a+e)**	**69407.19**	59965.50
h)	Net debt to capital ratio (e/f)	**0.47**	0.43
i)	Interest coverage ratio	**2.50**	1.86

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 2019 and 31 March 2018.

39.2: Categories of Financial instruments: (₹ in lac)

Particulars	As at 31 March 2019	As at 31 March 2018
Financial Assets		
Measured at FVTOCI		
a) Investments	**1028.94**	1203.66
Measured at amortised cost		
b) Trade receivables	**1764.96**	4745.27
c) Cash and cash equivalents	**7240.52**	334.01
d) Bank balances other than (c) above	**468.41**	424.65
e) Other Financial Assets - Current Asset	**107000.31**	52729.46
f) Other Financial Assets - Non Current Asset	**287.10**	199.49
Financial Liabilities		
Measured at amortised cost		
a) Borrowings - Current Liabilities	**27170.06**	10003.69
b) Borrowings - Non Current Liabilities	**12865.50**	16275.00
c) Trade payables	**120872.40**	73906.37
d) Other financial liabilities - Current Liabilities	**404.14**	3953.77
e) Other Financial Liabilities - Non Current Liabilities	**2888.69**	2930.98

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

Trade receivables and subsidy receivable:

The Company receivables can be classified into two categories, one is from the customers into the market and second one is from the Government in the form of subsidy. As far as Government portion of receivables are concerned, credit risk is nil. For market receivables from the customers, the Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. The Company has also taken security deposits from its customers, which mitigate the credit risk to some extent".

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
31 March 2019					
Short term borrowings	**22367.35**	**-**	**-**	**-**	**22367.35**
Long - term borrowings	**-**	**3409.50**	**9456.00**	**-**	**12865.50**
Trade payables	**120872.95**		**-**	**-**	**120872.95**
Other financial liability	**-**	**3292.83**	**-**	**-**	**3292.83**
Total	**143240.30**	**6702.33**	**9456.00**	**-**	**159398.63**
31 March 2018					
Short term borrowings	5383.03	-	-	-	5383.03
Long - term borrowings	-	-	16275.00	-	16275.00
Trade payables	73906.37	-	-	-	73906.37
Other financial liability	-	6884.75	-	-	6884.75
Total	79289.40	6884.75	16275.00	-	102449.15

3. **Market Risk:**

Market risk is ths 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 extend 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 of liabilities	**As at 31 March 2019**	As at 31 March 2018
Trade Payables		
Amount due on account of goods supplied	**115.35**	74.06

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.

(₹ in lac)

Currency impact relating to the foreign currencies of	**As at 31 March 2019**		As at 31 March 2018	
	Profit or loss	**Equity**	Profit or loss	Equity
Rs/USD - increase by INR 2	**2307.06**	**2307.06**	1091.31	1091.31
Rs/USD - decrease by INR 2	**(2307.06)**	**(2307.06)**	(1091.31)	(1091.31)

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 require the ongoing purchase of imported raw materials and imported fertilizers.

(i) The company's operating activities require the ongoing purchase of Naptha and Fuel Oil. Naptha and fuel oil being an international commodity is subject to price fluctuation on account of the change in the crude oil prices, demand supply pattern of naptha and exchange rate fluctuations. The company is affected by the price volatility of the naptha/fuel oil as under the Urea pricing formula the subsidy would be paid based on the retention price computed on the lower of Naptha / Fuel Oil or Regasified Liquified Natural Gas (RLNG).

(ii) The company deals in purchase of imported urea, which are imported by the company and sold in the domestic market. The import prices of these goods are governed by international prices. There is a price and material availability risk, which may not be in line to meet the domestic market requirement. The risk is also with domestic manufacturers whose costing is based on majorly imported raw materials and small value - add. However, a dynamic alignment of procurement to sales and constant review of market conditions and competitors costing help in mitigating the impact.

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, 2019		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**
Assets									
Financial Assets measured at fair value									
Investments in quoted equity instruments at FVTOCI	6C (1)	-	929.26	-	929.26	929.26	-	-	929.26
Financial Assets not measured at fair value									
Trade Receivables	10	1764.96	-	-	1764.96	-	1764.96	-	1764.96
Cash and Cash Equivalents	11 (A)	7240.52	-	-	7240.52	-	7240.52	-	7240.52
Other Bank balances	11 (B)	468.68	-	-	468.68	-	468.68	-	468.68
Other financial assets	7 (A&B)	107287.41	-	-	107287.41	-	107287.41	-	107287.41
Total		**116761.57**	**929.26**	**-**	**117690.83**	**929.26**	**116761.57**	**-**	**117690.83**
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	15	-	-	12865.50	12865.50	-	12865.50	-	12865.50
Current Borrowings	17	-	-	23760.56	23760.56	-	23760.56	-	23760.56
Trade payables	18	-	-	120872.95	120872.95	-	120872.95	-	120872.95
Other financial liabilities	16 (A&B)	-	-	6702.33	6702.33	-	6702.33	-	6702.33
Total		**-**	**-**	**164201.34**	**164201.34**	**-**	**164201.34**	**-**	**164201.34**

Fair Value Measurements (continued):

(₹ 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
Assets									
Financial Assets measured at fair value									
Investments in quoted equity instruments at FVTOCI	6C (1)	-	1203.66		1203.66	1203.66	-	-	1203.66
Financial Assets not measured at fair value									
Trade Receivables	10	4745.27	-	-	4745.27	-	4745.27	-	4745.27
Cash and Cash Equivalents	11(A)	334.01	-	-	334.01	-	334.01	-	334.01
Other Bank balances	11 (B)	424.65	-	-	424.65	-	424.65	-	424.65
Other financial assets	7 (A&B)	52928.95	-	-	52928.95	-	52928.95	-	52928.95
Total		**58432.88**	**1203.66**	**-**	**59636.54**	**1203.66**	**58432.88**	**-**	**59636.54**
Liabilities									
Financial Liabilities not measured at fair value									
Non Current Borrowings	15	-	-	16275.00	16275.00	-	16275.00	-	16275.00
Current Borrowings	17	-	-	10003.69	10003.69	-	10003.69	-	10003.69
Trade payables	18	-	-	73906.37	73906.37	-	73906.37	-	73906.37
Other financial liabilities	16 (A&B)	-	-	6884.75	6884.75	-	6884.75	-	6884.75
Total		**-**	**-**	**107069.81**	**107069.81**	**-**	**107069.81**	**-**	**107069.81**

Note 40:

(a) Previous year's 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 statement for the year ended 31 March 2019 in its meeting held on 23 May 2019.

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 Fertilizers Limited	Gold Nest Trading Company Limited	Greenam Energy Private Limited	National Aromatics and Petrochemicals Corporation Limited	Tamilnadu Petroproducts Limited
1. Latest Audited Balance Sheet Date	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19	31-Mar-19
2. Shares of Associate / Joint Ventures held by the company on the year end					
No. Shares	53530113	249000	5686502	25000	15234375
Amount of Investment in Associates / Joint Venture (₹)	662066946	25024500	56865020	250000	198046875
Extent of Holding (%)	43.94%	32.76%	20.00%	50.00%	16.93%
3. Description of how there is significant influence	Control of over 20%	Control of over 20%	Control of 20%	Control of 50%	Control of Business decisions under Joint Venture Agreement
4. Reason why the Associates / Joint Venture is not consolidated	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	Not Applicable	Not considered for consolidation, since carrying amount is Nil as per Ind AS 28	Not Applicable
5. Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lac)	(7661.84)	25.25	568.01	436.23	7197.64
6. Profit / (Loss) for the year					
i. Considered in Consolidation	-	-	(0.36)	-	1079.21
ii. Not Considered in Consolidation (₹ in lac)	(1655.55)	0.25	-	(999.73)	-

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

Place : Chennai
Date : 23 May 2019

K R ANANDAN
Chief Financial Officer

M B GANESH
Secretary

SPIC **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

1. Name : .... Address : ....
   E-mail Id : .... Signature : ...., or failing him
2. Name : .... Address : ....
   E-mail Id : .... Signature : ...., or failing him
3. 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 48th Annual General Meeting of the Company, to be held on Thursday, the 8th day of August 2019 at 11.15 A.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 2019 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 2019		
2	Appointment of Mr. B Elangovan, as Director of the Company.		
3	Appointment of Mr. Arun Roy, IAS as Nominee Director representing TIDCO.		
4	Appointment of Dr Aneesh Sekhar.S, IAS as Nominee Director representing TIDCO.		
5	Appointment of Mr. Debendranath Sarangi as Independent Director of the Company		
6	Appointment of Mr. B Narendran, as Independent Director of the Company.		
7	Appointment of Ms. Sashikala Srikanth, as Independent Director of the Company.		
8	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 ₹ 1,50,000/-		
9	To approve the transactions entered into by the Company with a related party during the year 2018-19 considered material as per Regulation 23 of the Listing Regulations.		
10	To approve the investments made by the Company in Mercantile Ventures Limited and South India Travels Private Limited		

Signed this .... day of............. 2019

Signature of the Shareholder	Signature of the Proxy holder(s)	Affix Re 1/- Revenue Stamp

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: ____________________

DP. ID* ____________________

Client ID* ____________________

*Applicable to investors holding shares in electronic form

I hereby record my presence at the **48th Annual General Meeting** of the Company at "RAJAH ANNAMALAI MANDRAM" Chennai- 600 108 **on Thursday, the 8th August 2019, at 11.15 A.M.**

Signature of the Member or Proxy	Shares held