

The image features a large industrial facility, likely a refinery or petrochemical plant, with tall distillation columns and a large spherical storage tank. The background is a clear blue sky. A decorative pattern of interlocking gears is overlaid on the entire image. The SPIC logo is prominently displayed in the upper right corner.

SPIC

Southern Petrochemical Industries Corporation Limited

41st Annual Report 2011-2012

Southern Petrochemical Industries Corporation Limited

Dr A C Muthiah

Chairman Emeritus

Board of Directors

Ashwin C Muthiah

Chairman

M S Shanmugam, I.A.S.

Director

T K Arun

Director

B Elangovan

Director

M Jayasankar

Director

B Narendran

Director

K K Rajagopalan

Whole-time Director

Company Secretary

N Rajeeva Prakash

Auditors

Deloitte Haskins & Sells

Chartered Accountants

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DIRECTORS' REPORT

Your Directors present their 41st Annual Report together with the audited statement of accounts of the Company for the financial year ended 31 March 2012.

OPERATING RESULTS

	(Rs. in Crore)	
	2011-12	2010-11
Income from Operations	3308.91	1743.39
Other income	13.79	14.46
Total income	3322.70	1757.85
Profit before interest, depreciation and tax	161.06	197.91
Finance Cost	80.24	26.98
Depreciation	61.21	88.95
Profit before tax	19.61	81.98
Provision for tax	25.92	-
Profit/(loss) after tax	(6.31)	81.98

FINANCE

The Company recorded a revenue of Rs.3308.91 Crore and profit before tax of Rs.19.61 Crore as against previous year revenue of Rs.1743.39 Crore and profit before tax of Rs.81.98 Crore respectively. The Company's profit from ordinary activities before finance cost and exceptional items is Rs.71.59 Crore as against Rs.3.11 Crore in the previous year. The improvement in the profit is mainly due to Urea Plant operating at its full capacity coupled with energy efficiency measures undertaken by the Company. The Company incurred a loss of Rs.6.31 Crore in comparison to Profit after tax of Rs.81.98 Crore in the previous year. The loss is mainly due to provision for exchange currency fluctuation of Rs.61.75 Crore, Interest of Rs.34.46 Crore on delayed payment to secured lenders (included in the Finance Cost) and provision for MAT pertaining to earlier periods amounting Rs.25.92 Crore. The above results include both continuing and discontinuing operations.

The Company filed a Scheme of Compromise and Arrangement with certain creditors u/s 391 of the Companies Act, 1956 during December 2011 before the Hon'ble High Court, Madras and pursuant to the directions of the Hon'ble High Court, the meeting of the creditors of the Company was held on 24 February 2012 at Chennai. The Scheme was approved by the requisite majority of creditors and thereafter the Company has filed a Petition before the Hon'ble High Court, Madras for the sanction of the Scheme and the Order is awaited.

OPERATIONS:

Fertilizer Division

The Nitrogenous Plants which recommenced its operations during October 2010 achieved a production of 6.204 Lac MT (recording 100% of its re-assessed capacity). The Fertilizer division achieved a turnover of Rs.3096.96 Crore.(including other income) earning an operational profit (before exceptional items) of Rs.137.96 Crore. The results of the Phosphatic division, till divestment during October 2011, are included in the above results.

The production and sales performance of the Fertilizer Division are as follows:

		Qty in MT	
Product	Category	2011-12	2010-11
Urea	Production	620407	#297650
	Sales	627442	290529
DAP	Production	106521*	**31116
	Sales	106579*	30974
Complex Fertilizer	Production	124377*	175566
	Sales	127903*	171294
SSP	Production	490*	14528
	Sales	8751*	5074
ALF ₃	Production	2248*	3388
	Sales	2228*	4656
Gypsum	Sales	85667*	205371

*Until divestment # Production recommenced during October 2010

** Production recommenced during November 2010

Fertilizer Policy

The Government is proposing to implement "Modified NPS III Policy" for Urea shortly and it is expected that all Naphtha and Fuel Oil based plants producing Urea will be granted time till March 2014 to convert to Natural Gas. Your Company has taken up with Department of Fertilizers (DoF) for firm allocation of gas to your Company and also for creating necessary gas transportation infrastructure in the State of Tamil Nadu to facilitate gas connectivity to your Company. The Company has engaged a leading Process Engineering Company to carryout basic engineering for gas conversion, to make your Company ready to receive the gas as and when the pipe line connectivity is established.

Pharmaceuticals Division

SPIC's Pharmaceuticals Division comprises of Penicillin-G (Pen-G), Active Pharmaceutical Ingredients (APIs), Formulations and Industrial Enzymes. **Pen-G:** The plant could not be restarted and the operations were discontinued due to competition from cheap Chinese imports, low market prices, high cost of inputs and non-imposition of anti-dumping duty. The assets of the division at Cuddalore were taken over by Asset Reconstruction Company (India) Limited (ARCIL) during the year. **API:** The operations have not been carried out during the year owing to environmental constraints and restrictions imposed by Pollution Control Board. **Formulations:** Due to low demand for its products and uncertain power situation, the operations have been discontinued. **Enzymes:** The operations are being discontinued in view of uneconomical business size and constraints of fund infusion for revival/restart-up of the operations.

Agri-business Division

The Division achieved higher turnover of Rs.15.21 Crore as against Rs.12.36 Crore in the previous year, due to increase in volume of high breed seed business.

SUBSIDIARIES/JOINT VENTURES/INVESTMENTS

SPEL Semiconductor Limited (SPEL)

SPEL had accounted sales of Rs.80 Crore (excluding other income) with a PAT of Rs.0.57 Crore for the financial year 2011-12. According to the Semiconductor Industry Association forecast, the year 2012 looks promising with a 10% growth. Global semiconductor revenues are expected to reach US\$323.2 Billion up from US\$302.2 Billion. SPEL is taking steps to enhance its sales for the financial year 2012-13 by exploiting the potential of the industry.

Tamilnadu Petroproducts Limited (TPL)

During the year, the Company achieved a turnover and a net profit of Rs.1309 Crore and Rs.5.94 Crore as compared to Rs.1066 Crore and a profit of Rs.29.47 Crore respectively during the previous year. The Company declared a dividend of 5% during the year. **LAB** production was maintained at high levels due to the installation of new molecular sieves in 2010. Despite unstable crude prices and power shortage, the reduction in energy consumption (due to energy audit, advance process control, etc.) and optimal use of raw materials helped in controlling the cost of production. The first phase of Prefrac revamp was completed during March 2012 and the benefit will be realised from the second quarter of 2012-13. TPL continues to meet sizeable demand of the domestic market for LAB and supplies to major international detergent manufacturers. **Epichlorohydrin (ECH)** Unit performed reasonably well with a capacity utilisation of about 85%. The increase in the crude price was offset by increase in the sales realisation. TPL continues to supply a substantial portion of its production to the joint venture Company M/s Petro Araldite Private Limited. The imports of ECH and Epoxy Resin from European markets add to the competition in the market. **Chlor Alkali** Unit performed better with the capacity utilisation exceeding 90%. The power shortage, increase in power cost, high crude prices and fuel oil prices, adversely impacted the business.

Tuticorin Alkali Chemicals and Fertilisers Limited (TAC)

Since the restart of the plants last year, TAC continued the production and fine tuned the operational parameters to bring down the production cost. The Company produced 86,855 MT of Soda Ash and 78,350 MT of Ammonium Chloride representing 75.7% capacity utilization. The Company recorded a total income of Rs.217.49 Crore with a net loss of Rs.12.79 Crore. Competition from import touching an all time high has affected the market. BIFR proceedings are in progress and a Draft Rehabilitation Scheme (DRS) is under process.

SPIC Fertilizers And Chemicals FZE, Dubai (SFC FZE) and SPIC Fertilizers and Chemicals Ltd., Mauritius (SFCL, Mauritius)

During the first quarter of the Financial Year 2010-11, as part of recovery process, the Jebel Ali Free Zone Authority (JAFZA) in Dubai, had taken over the land, Plant & Machinery of SFC FZE and the Company did not have any other option in the matter. Simultaneously, the Plant & Machinery stored in the Ras Al Khaimah Port (RAK) were auctioned to realise the storage charges payable to the RAK Port Authorities. The Promoters viz., SPIC and the Emirates Trading Agency, Dubai have jointly decided to close the operations of SFC FZE, Dubai.

SPIC PETROCHEMICALS LIMITED (SPIC Petro)

Consequent to the takeover of the assets and effects of SPIC Petro by the Official Liquidator (OL) during May 2010, the Company ceased to be a subsidiary of SPIC. On the basis of the Petition filed by ARCIL

u/s 13(4) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI ACT), the Hon'ble High Court of Madras, vide its Order dated 20 December 2010 directed the OL to handover the possession of the assets and effects of SPIC Petro to ARCIL. ARCIL took possession of the same during January 2011. Meanwhile, Chennai Petroleum Corporation Limited (CPCL) has filed an application to set aside the above Order and in the meanwhile an interim stay has been granted by the Hon'ble High Court of Madras restraining ARCIL from selling the land belonging to SPIC Petro. ARCIL filed a Counter against the Order.

PREFERENTIAL ALLOTMENT OF SECURITIES

During the year under review, at the request of Secured Lenders and in line with the rework package approved by Corporate Debt Restructuring Empowered Group, three Secured Lenders were cumulatively allotted 2,03,175 (14%) Secured Non-Convertible Debentures of the face value of Rs.100/- each, amounting to Rs.2.03 Crore by conversion of part of their secured debt. These debentures are redeemable in seven equal quarterly instalments commencing from 31 March 12.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis, despite the erosion of net worth due to the reasons as explained in Note 30 of Notes on Accounts.

DIVIDEND

In view of the accumulated losses, the Board of Directors is not in a position to recommend dividend on the Preference and Equity Share capital of the Company.

SUBSIDIARY COMPANIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with this Annual Report. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said Circular. The Company will make available the said documents to any member of the Company, who may be interested in obtaining the same. The said documents will also be kept open for inspection by any member of the Company / its Subsidiary(ies) at the Office of the Company, SPIC House, 88 Mount Road, Guindy, Chennai - 600 032. and that of the respective subsidiary Companies. The consolidated financial statements include the financial results of its Subsidiary Companies.

DISCONTINUED OPERATIONS

The operations of Pen-G Unit was discontinued due to low sales realisation, increased cost of inputs, rejection of anti-dumping duty and the eventual take over of its assets at Cuddalore by ARCIL. The operations of Active Pharmaceutical Ingredients Unit have not been carried out due to reasons, *inter alia*, including environmental constraints, the restrictions imposed by Pollution Control Board and the uneconomical business size. Consequently, the operations of the connected Research & Development was also closed. The Formulations Unit discontinued its operations due to low demand in the market and uncertain power situation. The SMO Division and the Phosphatics Business of the Company were divested, pursuant to the approval of CDR-EG (Empowered Group) and the consent of the shareholders obtained through postal ballot.

PUBLIC DEPOSITS

As on 31 March 2012, there were no outstanding public deposits and the overdue unclaimed deposits covering 15 depositors, amounted to Rs 3.33 lac.

HUMAN RESOURCE DEVELOPMENT

The Company, as always, places great emphasis on its human capital, and the need to retain and develop talent in realising Corporate objectives. The Company provides a conducive and challenging work environment and opportunities for professional development of its employees.

INDUSTRIAL RELATIONS

Industrial Relations in the Company has been cordial during the year under review. A memorandum of settlement u/s 12 (3) of the Industrial Disputes Act, 1947, has been entered into with SPIC Employees Union in September 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company declare that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors 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 31 March 2012.
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis for the reasons stated in Note 30 of the Notes on Accounts.

DIRECTORS

Dr A C Muthiah resigned as Chairman and Managing Director of the Company with effect from 16 November 2011. The Board places on record the guidance, advice and valuable contribution made by Dr A C Muthiah during the long tenure of his association with the Company. The Board of Directors at its Meeting held on 16 November 2011, elected Thiru Ashwin C Muthiah as the Chairman of the Company.

Thiru M Jayasankar, Director who retires by rotation at this Annual General Meeting, being eligible, offers himself for reappointment. In accordance with Clause 49 of the Listing Agreement, particulars relating to the appointment of Thiru M Jayasankar, seeking re-election/appointment at the ensuing Annual General Meeting are furnished in the annexure to the Notice.

Thiru K K Rajagopalan was co-opted as Additional Director and designated as Whole-time Director of the Company with effect from 16 November 2011 and a resolution seeking his appointment as the Whole-time Director is being placed before the shareholders in this Annual General Meeting of the Company.

During April 2012, ARCIL withdrew the nomination of Thirumathi Neeta Mukerji from the Board and the Board places on record its appreciation for the contribution made by Thirumathi Neeta Mukerji during her tenure.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange is presented in a separate section forming part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS21 on Consolidated financial statements read with Accounting Standard AS23 on Accounting for investments in associates in Consolidated Financial Statements and AS27 on Financial reporting of interests in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report. As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SFC FZE, Dubai, SFCL Mauritius lost control over its subsidiary SFC FZE Dubai. Therefore financial statements of SPIC's Subsidiary Company, SFCL, Mauritius have not been considered for consolidation. However, full provision has already been made in the earlier years.

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

In terms of Section 217(1)(e) of the Companies Act, 1956, read with Rule-2 of the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988, information relating to conservation of energy is set out in the annexure forming part of this Report. The Company has no information to provide in respect of technology absorption, foreign exchange earnings and outgo and research and development.

PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of remuneration in excess of the amount prescribed by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

COST AUDITOR

Thiru P R Tantri, Cost Accountant, Bengaluru was appointed as the Cost Auditor of the Company for the financial year 2011-12 pursuant to Section 233B of the Companies Act, 1956 to carry out the audit of your Company's cost records. The Cost Audit report for the year ended 31 March 2011 certified by Thiru P R Tantri was filed on 29 September 2011 with the Ministry of Corporate Affairs.

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 Corporate Affairs and other departments in the Central Government, the Government of Tamilnadu, other State Governments, Tamilnadu Industrial Development Corporation Limited, Tamil Nadu Electricity Board, ARCIL, Financial Institutions and Banks. The Directors appreciate the dedicated and sincere services rendered by all employees of your Company.

Place: Chennai

Date 30 May 2012

On behalf of the Board

ASHWIN C MUTHIAH

Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, for the year ended 31 March 2012.

Conservation of energy

An Energy Audit group, consisting of senior executives and certified

energy auditors, is focusing on various energy saving measures. This group identifies potential areas for improvement, scans the environment for innovative and reliable solutions and consider proposals for implementation. Efforts are continuously being taken to reduce the energy consumption of the plants.

FORM A (See Rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

			Current Year 2011-12	Previous Year 2010-11
A.	Power and Fuel Consumption			
1	Electricity			
	a) Purchased			
	Unit	MWH	81774.182	69177.673
	Total Amount	Rs. in lacs	4138.30	3640.33
	Rate per Unit	Rs/KWH	5.06	5.26
	b) Own Generation			
	i) through Diesel Generator			
	Unit	MWH	1041.1	243.1
	Unit per litre of Diesel oil	KWH/litre	3.96	2.32
	Diesel oil consumed Ltr.		263033	104692.92
	Cost per Unit	Rs/KWH	11.09	9.70
	ii) through Steam turbine/ generator			
	Unit	MWH	44504.477	23128
	Cost per Unit	Rs/KWH	12.17	8.98
2	Coal (Specify Quantity & where used)			
	Quantity	--	---	--
	Total cost	--	---	--
	Average Rate	--	---	--
3	Furnace oil/LSHS			
	Quantity	MT in lacs	1.41	0.78
	Total cost	Rs in lacs	63142.39	27543.18
	Average Rate	Rs per MT	44790	35311.77
B.	Consumption per MT of Production (Energy intensive products only)			
Ammonia	Production	MT	357291	175392
	Electricity	KWH	41	56
	Fuel oil	MT	0.257	0.297
Urea	Production	MT	620407	297650
	Electricity	KWH	111	113
	Fuel oil	MT	0.06	0.06
DAP	Production	MT	106521	31116
	Electricity	KWH	33.4	59.6
	Fuel oil	MT	0.001	0.001
Complex fertilizer	Production	MT	124377	175566
	Electricity	KWH	44	43
	Fuel oil	MT	0.008	0.009
Penicillin-G	Production	MMU	--	--
	Electricity	KWH	--	--
	Fuel oil	MT	--	--

FORM B (See Rule 2)

Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Agriculture Scenario

Agriculture production recorded a growth of 5.4% as against 4% in the previous year. India's food grain production clocked 252 Million M.T. during 2011-12 as against 244 Million M.T. during the previous year. The above achievement was possible due to favourable monsoon, optimum usage of Fertilizers, usage of hybrid seeds, monitoring of crops with timely technological interventions, implementation of integrated pest management modules, multiple cropping, diversification into horticultural crops and short duration crops.

The increase in private sector involvement in Indian agriculture is a recent development, which is evidenced by infusion of new technologies such as hybrid seed, crop and soil specific customised Fertilizers, extensive usage of drip irrigation combined with water soluble Fertilizers and growth in agro based industries.

The strategies adopted by the Government for rejuvenating agriculture sector are encouraging. Demand for food grains and fruits and vegetables is expected to grow in the ensuing years in line with the rise in per capita income. Despite demand for arable land and water, progressive fragmentation of land holdings, degrading natural resource base and emerging concerns of climate change, Government's intention of ensuring food and nutritional security has been achieved during the year.

Fertilizer Industry Scenario

The Indian fertilizer industry has played a crucial role in the growth of agriculture, the backbone of Indian Economy by way of timely supply of plant nutrients and other support services like soil analysis, crop recommendations and imparting training on latest farm practices. Subsidies on Fertilizers is one of the main reasons for enhanced consumption rate of around 4 - 5% per annum. Nevertheless, the average per acre consumption of Fertilizer in our country is lower as compared to the global average. Lower consumption in India provides an opportunity for the industry to grow. The major constraint in enhancing domestic capacity is the availability of Natural Gas (NG) on long term basis at a reasonable price.

Cost of production of Fertilizers is high at your plant, owing to higher cost of inputs like naphtha and furnace oil vis-a-vis NG. Though India witnessed a rise in Fertilizer consumption over a period of time, domestic production of urea at 22 million tonnes is about 7 million tonnes short of the actual demand and has therefore to be bridged through imports. The proposed urea investment policy aims to provide incentives for domestic capacity additions.

Urea consumption and production in the country during the last seven years

(Million MT)

Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	% increase in 2011-12 over 2005-06
Consumption	22.19	24.49	26.17	26.65	26.45	28.22	29.27	31.91%
Production	20.10	20.31	19.85	19.90	21.11	21.88	21.96	9.25%

Challenges

Naphtha based units like SPIC are expected to be given time till March 2014 for switching over to Natural Gas and the policy is still under review. The proposed new investment policy recommended by Dr. Saumitra Chaudhuri Committee, envisages Nutrient Based Subsidy for Urea also. The Government has decided to disburse the subsidy directly to the farmers after the completion of distribution of Unique Identification Numbers, which is expected to make the industry globally competitive. As a prelude to that, the proposal of disbursing subsidy through dealers was contemplated and the same has been deferred due to difficulties anticipated in implementation.

Company's Performance

During the year, the Company's Urea Plant achieved the maximum production of 6.20 lac M.T. as against 2.98 lac M.T. in the previous year. The Company's Urea Plant being part of the 1992 Naphtha group is an energy efficient unit amongst the Naphtha based plants of same vintage. The Company's strong brand image and its loyal dealer network have helped to regain the market leadership after a gap of three and a half years (2007 to 2010), during which period there was no production. Your Company achieved a turnover of Rs. 3322.70 Crore. as against Rs.1757.85 Crore. in the previous year.

Fertilizer Policy

The existing New Pricing Scheme (NPS) (III) policy for Urea, which was implemented to be effective between April 2007 and March 2010, continues to be in vogue. The Government is contemplating to implement Modified NPS (III) policy providing for an increase in Fixed Cost reimbursement to neutralize the escalation to all Urea producers which would improve profitability of your Company. The policy also envisages incorporation of a provision for increasing the fixed cost on an annual basis linked to appropriate index. There is also a proposal to increase the selling price of Urea by 10% in the first year of the policy and for gradual increase in the selling price thereafter, to reduce the subsidy burden of the Government. Fertilizer Industry in India is going through a transition phase of migrating from price control regime to market driven pricing mechanism (Nutrient Based Subsidy-NBS Scheme).

Internal Control Systems and their adequacy

The Company has appropriate internal control systems to effectively monitor safety and security of its assets, reliability of financial transactions, adherence to applicable statutes, accounting policies, approval procedures and to maximise the utilization of resources. The systems are periodically reviewed and upgraded under the overall supervision and superintendence of Audit Committee. Key audit observations along with recommendations and its implementation are reviewed by the Audit Committee and perused by the Board.

Risk Management

The risk management frame work comprises risk assessment, evaluation, mitigation measures. The potential risks in operational, strategic and financial areas and its impact are assessed on a continual manner. Guidelines are framed for carrying out risk analysis regularly and reporting to Audit Committee, which provides strategic direction on important issues to the Executive Management.

Segment-wise Financial Performance

The summarized segment-wise performance of the Company for the financial year 2011-12 is as follows:

(Rs. in Lac)				
Particulars	Urea Operations	Phosphatic Operations	Others	Total
Segment Revenue	242328.24	67367.72	21412.67	331108.63
Unallocated income				1161.40
Segment results	13673.08	4958.23	(2895.93)	15735.38
Unallocable expenditure net of unallocable income				5749.43
Profit before interest and tax				9985.95
Finance Cost				8024.28
Profit before taxation				1961.67
Tax relating to earlier years				2592.46
Profit / (Loss) after Taxation				(630.79)
Capital Employed	31412.57		1019.65	32432.22
Capital Employed (Unallocated)				(135672.79)

Financial Performance

(Rs. In Lac)			
	2011 -12	2010 -11	Increase/ (Decrease)
Turnover	332270	175785	156485
EBIDTA	13280	9205	4075
Less: Interest, Depreciation, Exceptional Items & Tax	13911	1007	12904
Net Profit/(Loss)	(631)	8198	(8829)

The profit for 2010-11 was arrived at after taking into account the profit on sale of investments and losses from sale of properties amounting to Rs.14,049 lac and Rs.3463 lac respectively.

The 2011-12 results have been arrived at after considering the following:

Rs.2592 lac provision has been made towards income tax pertaining to earlier years

Rs.3446 lac Interest charges paid to lenders on account of delay in payments as specified in the package

Rs.6175 lac loss due to exchange rate fluctuation

Major exceptional items:

Rs.252 lac profit on sale of fixed assets

Rs.563 lac profit on sale of investments

Rs.421 lac profit on sale of Business Units, Rs.1179 lac compensation towards VRS.

Corporate Social Responsibility

The Company, has been evincing interest in improving the living standards of farming community. In this regard, the Company has established an agri-clinic at Tuticorin to cater to the requirement of the farmers. In the current year, a mobile soil testing laboratory was commissioned to render free soil analysis and recommendation for the optimum usage of requisite agri inputs and crop combination. The Company is supporting the farming community by imparting training in modern farm practices and techniques and in the areas allied to agriculture, which has immensely benefited the farming community across the State. The Company has been publishing a Farm Journal (Pannai Cheidhi Malar) for the benefit of farmers for the past 25 years.

The Company is contributing to the development of education through sponsorship of programmes in schools, vocational training institutes and distribution of educational aids and kits etc. The Company is committed to improving the health and hygiene level of the community by conducting health camps, polio eradication programmes, eye camps, blood donation camps in association with NGOs and the Government Agencies. The Company is extending free medical services in the villages around the factory at Tuticorin by deploying a mobile health unit manned by qualified doctors and para-medical staff. The Company provides patronage to orphanages, old age homes, Spastics Society and Cheshire Home. With an objective to encourage students to participate in sports events, your Company has been conducting various tournaments at regular intervals at the regional and national level.

Cautionary Statement

This report is based on the information available to the Company in its businesses 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 dependant on these factors. It may be materially influenced by macro environment changes, which may be beyond the Company's control, affecting the views expressed or perceived in this report.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As a responsible Corporate citizen, your Company is conscious that a business run 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 31 March 2012, the Board of Directors of the Company had 8 members. During the financial year 2011-12 viz. from 1 April 2011 to 31 March 2012, 9 Board meetings were held on the following dates i.e. 26 April 2011, 26 July 2011, 11 August 2011, 14 September 2011, 14 November 2011, 16 November 2011, 28 November 2011, 9 February 2012 and 24 February 2012.

BOARD'S COMPOSITION, DIRECTORS' ATTENDANCE AND OTHER DIRECTORSHIPS HELD AS ON 31 MARCH 2012.

Name of the Director, designation and category Thiruvallur	Attendance at Board meetings (Held: 9)	Attendance at previous AGM on 16.11.2011	No. of other Director- ship(s) (*)	No. of membership in Board/ Committees' in other Companies (@)	
				As Chairman	As Member
Ashwin C Muthiah Chairman Non-Executive Non-Independent	9	Yes	3(2)	-	1
M S Shanmugam, I.A.S TIDCO Nominee Non-Executive Independent	1	Yes	7(1)	-	-
T K Arun TIDCO Nominee Non-Executive Independent	8	Yes	8	1	6
B Elangovan TIDCO Nominee Non-Executive Independent	5	Yes	6	-	2
M Jayasankar Non-Executive Independent	9	Yes	2	-	2
B Narendran Non-Executive Independent	9	Yes	2	2	1
Thirumathi Neeta Mukerji Asset Reconstruction Company (India) Ltd Nominee Non-Executive Independent	5	Yes	2	-	1
K K Rajagopalan Whole-time Director (From 16 11 2011)	3	Not Applicable	1	-	-
Dr (Thirumathi) S Revathi TIDCO Nominee Non-Executive Independent (up to 26 7 2011)	-	No	1(1)	-	-
Dr A C Muthiah Chairman (Managing Director) Executive (up to 16 11 2011)	4	Yes	4(3)	-	-

(*) includes directorships held in public limited companies only. Directorships held in private companies, foreign companies and companies registered u/s 25 of the Companies Act, 1956 are excluded. Figures mentioned in brackets indicate the number of companies in which the Director is also the Chairman.

(@) includes only positions held in Audit Committee and Shareholders and Investors' Grievance Committee.

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

3. COMMITTEES OF THE BOARD

The Board has constituted various committees, viz., Audit Committee, Shareholders' and Investors' Grievance Committee and Remuneration Committee for smooth and efficient operation of the Company. The terms of reference of the Committees are laid down by the Board from time to time. Minutes of the meetings of these Committees are approved by the subsequent meetings of the Committee / Board. Details of composition of the Audit Committee, Shareholders' and Investors' Grievance Committee and Remuneration Committee of the Board of Directors of the Company are furnished below.

(a) AUDIT COMMITTEE

The Audit Committee primarily oversees the Company's financial reporting process and disclosure of its financial information to ensure the correctness and adequacy. The Committee provides reassurance to the Board on the existence of effective internal control system.

TERMS OF REFERENCE

- To oversee the Company's financial reporting process;
- To recommend the appointment and removal of statutory auditors/fixation of their fees;
- To review the adequacy of the internal control systems;
- To review with the Management, the quarterly, half-yearly, 9-months and annual financial statements before submission to the Board of Directors;
- To review the adequacy of the internal audit function, reporting structure coverage and frequency of internal audit;
- To review the findings of any internal investigations by the internal auditors and report the matter to the Board of Directors;
- To review the Company's financial and risk management policies; and
- To discuss with the statutory Auditors periodically about the nature and scope of audit.

COMPOSITION

The Audit Committee comprises 3 members, all being Non-Executive Independent Directors. All members of Audit Committee have sound financial management expertise. During the year, the Committee met on 6 occasions on 26 April 2011, 26 July 2011, 11 August 2011, 28 September 2011, 14 November 2011 and 9 February 2012. The Statutory Auditors, Internal Auditor [Head (Management Assurance Group)], Chief Financial Officer and the Chairman of the Board are invited to participate in the meetings of the Audit Committee. The Company Secretary is the Secretary of the Committee.

DETAILS:

Name of the Director Thiruvallargal	Designation	No. of meetings attended	Category
M Jayasankar	Chairman	6	Non-Executive Independent
B Narendran	Member	6	Non-Executive Independent
T K Arun	Member	6	Non-Executive Independent

(b) SHAREHOLDERS' AND INVESTORS' GRIEVANCE COMMITTEE

TERMS OF REFERENCE

The terms of reference to the Shareholders' and Investors' Grievance Committee includes monitoring the work related to transfer, transmission, dematerialization, rematerialisation, sub-division / consolidation of shares and issue of duplicate share certificates of the Company and also to ensure that all the investors' grievances and complaints are redressed expeditiously to strengthen the investors' relations. The Committee is headed by Thiru M Jayasankar, a Non-Executive Independent Director. The Committee met 6 times during the financial year 2011-12, i.e. on 30 June 2011, 26 September 2011, 11 November 2011, 29 December 2011, 10 February 2012 and 29 March 2012. The Company Secretary is the Secretary of the Committee.

DETAILS:

Name of the Director Thiruvallargal	Designation	No. of meetings attended	Category
M Jayasankar	Chairman	6	Non-Executive Independent
B Narendran	Member	6	Non-Executive Independent
T K Arun	Member	6	Non-Executive Independent

Investor complaints received were redressed to the satisfaction of the Investor and SEBI. There were no share transfers pending registration as on 31 March 2012. Thiru N Rajeeva Prakash, Secretary, is the Compliance Officer of the Company.

(c) REMUNERATION COMMITTEE

Remuneration to Whole-time Director is fixed by the Board of Directors, based on the recommendations of the Remuneration Committee. The remuneration of the Whole-time Director is recommended and fixed taking into consideration his qualifications, experience and the prevailing remuneration trends in the industry. The Committee is headed by Thiru M Jayasankar, a Non-Executive Independent Director. The Committee met once during the financial year 2011-12, i.e. on 16 November 2011. The Company Secretary is the Secretary of the Committee.

DETAILS:

Name Thiruvallargal	Designation	No. of Meetings Attended	Category
M Jayasankar	Chairman	1	Non-Executive Independent
Ashwin C Muthiah	Member	1	Non-Executive Non-Independent
B Narendran	Member	1	Non-Executive Independent
T K Arun	Member	1	Non-Executive Independent

DIRECTORS' REMUNERATION DURING 2011-12

Name Thiruvallargal	Salary & Perquisites (*) (Rs.)	Special Allowance Paid/ Payable (Rs.)	Sitting Fees (Rs.)
Dr A C Muthiah Chairman (Managing Director) (up to 16.11.2011)	23,42,414	9,45,205	-
Ashwin C Muthiah	-	-	1,00,000
M S Shanmugam ##	-	-	10,000
T K Arun ##	-	-	2,10,000
B Elangovan ##	-	-	50,000
M Jayasankar	-	-	2,30,000
B Narendran	-	-	2,30,000
Thirumathi Neeta Mukerji ##	-	-	50,000
Thiru K K Rajagopalan (From 16.11.2011)	8,60,625	3,78,374	-

(*) includes Company's contribution to provident/superannuation fund, gratuity and leave encashment.

Sitting fees paid to the financial institutions which the Directors represent as Nominees.

The period of appointment of Thiru K K Rajagopalan, Whole-time Director is from 16 November 2011 to 15 November 2013. The components of remuneration as above are fixed. There is no performance-linked incentive. The Company does not have a scheme for grant of stock options either to the Directors or to its employees. The non-executive Directors are not paid any remuneration other than sitting fees for attending meetings of the Board/Board Committees. Except Thiru Ashwin C Muthiah (45 shares) and Thiru M Jayasankar (650 shares) of Rs.10/- each, none of the other non-executive Directors hold any equity shares of the Company.

4. CODE OF CONDUCT

The Code of Conduct applicable to all Board Members and Senior Management Personnel of the Company is a comprehensive code laying down its standards of business conduct, ethics and governance and the compliance of the same has been affirmed by them annually. The certification made by the Whole-time Director was also placed before the Board of Directors.

5. SECRETARIAL AUDIT

The Company has appointed a qualified Practising Company Secretary for certifying, inter-alia, reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd., (CDSL) and the total issued and listed capital.

6. ANNUAL GENERAL MEETINGS

DETAILS OF THE LAST THREE ANNUAL GENERAL MEETINGS:

Year	Date	Time
2009	15 September 2009	2.45 P.M.
2010	21 September 2010	2.45 P.M.
2011	16 November 2011	2.30 P.M.

All the Annual General Meetings were held in Rajah Annamalai Hall, Chennai 600 108.

A special resolution was passed at the Annual General Meeting held on 15 September 2009 regarding the re-appointment and payment of remuneration/minimum remuneration to Dr A C Muthiah, Chairman (Managing Director), for the period, 1 October 2009 to 30 September 2012.

A special resolution was passed at the Annual General Meeting held on 21 September 2010 regarding issue and allotment, on preferential basis to secured lenders of the Company by way of conversion of the Company's secured debt.

A special resolution was passed at the Annual General Meeting held on 16 November 2011 regarding issue and allotment, on preferential basis to a secured lender of the Company by way of conversion of the Company's secured debt.

No resolution was passed at the Annual General Meeting held on 16 November 2011 through postal ballot.

7. DISCLOSURES

- During the financial year 2011-12 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, except the transaction relating to the disposal of Phosphatics business, which is explained elsewhere in this report.
- There is no instance of non-compliance by the Company or penalties/strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.
- There was no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the financial year 2011-12.
- The Company has over the years followed an 'open door' management style, which provides personnel at all levels access to the top management to share their views and concerns.
- The Company has complied with all the mandatory requirements of Clause 49.

8. MEANS OF COMMUNICATION

The financial results of the Company are forwarded to the National Stock Exchange of India Limited immediately upon approval by the Board of Directors and are published in leading newspapers in English and Tamil (regional language). The financial results and official press releases are posted on the Company's website www.spic.in. In accordance with Listing Agreement requirements, data pertaining to shareholding pattern, quarterly financial results and other details are forwarded to the Stock Exchange.

9. SUBSIDIARY COMPANY

The Company has no unlisted subsidiary Company.

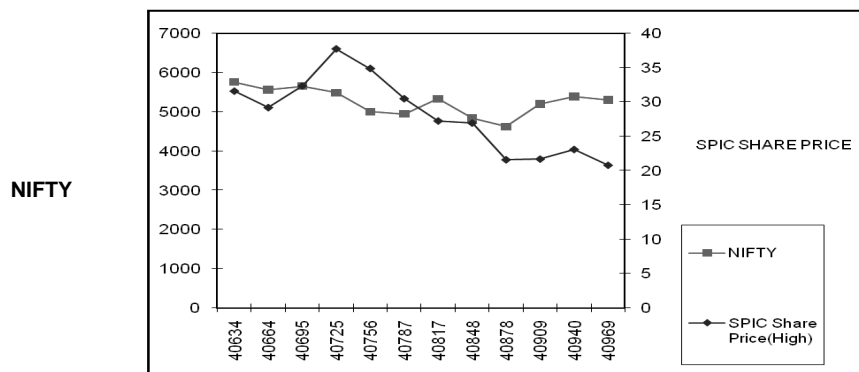
10. GENERAL SHAREHOLDERS' INFORMATION

- DATE AND VENUE OF ANNUAL GENERAL MEETING** : Wednesday, 26 September 2012 at Rajah Annamalai Hall, Chennai - 600 108.
- DATES OF BOOK CLOSURE** : Tuesday, 18 September 2012 to Wednesday 26 September 2012. (both days inclusive)
- LISTING ON STOCK EXCHANGES**

The equity shares of the Company are listed on the National Stock Exchange of India Ltd, Mumbai 400 051 [NSE] [Stock Symbol/ Code: SPIC]. The Global Depository Receipts (GDRs) of the Company are listed at Societe de la Bourse de Luxembourg, Luxembourg. The Company paid the listing fees for the financial year 2011-12 to NSE and Luxembourg Exchange.

(d) MARKET/SHARE PRICE DATA (In Rs.)

Month	Apr'11	May'11	Jun'11	July'11	Aug'11	Sep'11	Oct'11	Nov'11	Dec'11	Jan'12	Feb'12	Mar'12
High	31.60	29.20	32.35	37.75	34.90	30.50	27.25	26.95	21.60	21.70	23.10	20.80
Low	15.95	23.50	25.65	29.15	24.20	24.20	23.50	17.90	14.15	14.55	18.30	16.00

(e) PERFORMANCE OF SPIC'S EQUITY SHARES VIS-À-VIS THE NSE NIFTY INDEX

(f) SHARE TRANSFER SYSTEM

The Shareholders' and Investors' Grievance 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 shareholders and investors received by the Company. During the year, 6 such meetings were held. The entire process including dispatch of share certificates to the shareholders, were completed within the time stipulated under the Listing Agreement.

Demat International Securities Identification Number (ISIN) for equity shares is INE147A01011 [with National Securities Depository Ltd, and Central Depository Services (India) Ltd].

(i) DISTRIBUTION OF SHAREHOLDING AS OF 31 MARCH 2012

Sl. No	Range	No. of Shares held	% to paid up Capital	No. of Members	% to total Members
1	Up to 500	9556288	5.75	62004	82.65
2	501-1000	5432683	3.27	6466	8.61
3	1001-2000	4883176	2.93	3112	4.15
4	2001-3000	2675649	1.61	1025	1.37
5	3001-4000	1831010	1.10	499	0.66
6	4001-5000	2672975	1.61	553	0.74
7	5001-10000	4983276	3.00	659	0.88
8	10001 and above	134243317	80.73	703	0.94
	Total	166278374	100.00	75,021	100.00

(ii) SHAREHOLDING PATTERN AS OF 31 MARCH 2012

Particulars	Equity shares held	% to paid-up Capital
PROMOTERS:		
(a) TIDCO	8840000	5.32
(b) Dr M A Chidambaram Group	59554848	35.81
Financial Institutions & Nationalised Banks	6355299	3.82
The Bank of New York Mellon (as depository for Global Depository Receipts)	17183850	10.33
Foreign Institutional Investors	369563	0.22
Non-Resident Individuals	1161213	0.70
Foreign Companies	39800	0.02
Mutual Funds	1456118	0.88
Public & Others	71317683	42.90
Total	166278374	100.00

(g) 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.

(h) DEMATERIALIZATION 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. 15,09,89,312 equity shares, constituting 90.81 per cent of the paid-up equity capital of the Company, stood dematerialized as on 31 March 2012. The Company's equity shares are regularly traded on the National Stock Exchange of India Limited in the compulsory demat form.

(i) 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 will be sent to the members on request.

(j) UNCLAIMED SUSPENSE ACCOUNT:

As on 27 December 2010, 2,06,122 equity shares of 2,315 shareholders were lying unclaimed with the Company. In compliance with legal provisions, the Company has sent 3 reminders, i.e., on 21 January 2011, 21 March 2011 and 1 June 2011. Till date 413 shareholders have claimed their shares and 189 shareholders have reported loss of original allotment letter. The Company is in the process of despatching Indemnity Bonds to those shareholders who have reported loss of allotment letters. The Company will dematerialize the unclaimed shares and keep it in 'Unclaimed Shares Account'. The voting rights on these shares shall remain frozen till the rightful owners claim the shares.

(k) PLANT LOCATION

Fertilizer Division : SPIC Nagar, Tuticorin 628 005

(l) FINANCIAL CALENDAR (TENTATIVE)

Financial year : 1 April 2012 to 31 March 2013
 First quarter results : July/August 2012
 Half-yearly results : October/November 2012
 Third quarter results : January/February 2013
 Annual results : June 2013
 42nd Annual General Meeting : September 2013

(m) ADDRESS FOR CORRESPONDENCE

i) REGISTRAR AND TRANSFER AGENTS

Cameo Corporate Services Ltd.

"Subramanian Building" 1 Club House Road , Chennai - 600002.

Tel: 044-28460390 / 28460718; Fax : 044-28460129; E-mail : investor@cameoindia.com

ii) SECRETARIAL DEPARTMENT

Southern Petrochemical Industries Corporation Ltd
 SPIC HOUSE, 88 Mount Road, Guindy, Chennai 600 032
 Phone No.044-22350245; Fax No.044-22350703/22352163
 E-mail: (a) General: sectrl.dep@spic.co.in
 (b) Investor complaints/grievance redressal: shares.dep@spic.co.in

DECLARATION ON CODE OF CONDUCT

To the Members of Southern Petrochemical Industries Corporation Limited

Pursuant to Clause 49 D of 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 31 March 2012.

Place: Chennai

Date : 30 May 2012

For Southern Petrochemical
 Industries Corporation Limited

K K RAJAGOPALAN
 Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Southern Petrochemical Industries Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Southern Petrochemical Industries Corporation Limited (the "Company"), for the year ended on 31 March 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance 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.

For Deloitte Haskins & Sells
 Chartered Accountants
 (Registration 008072S)

GEETHA SURYANARAYANAN
 Partner
 Membership No. 29519

Place: Chennai

Date : 30 May 2012

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

1. We have audited the attached Balance Sheet of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** ("the Company") as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion, we draw attention to Note No. 30 in the financial statements which indicate that in spite of erosion of net-worth and discontinuation of certain operations the financial statements have been prepared on a going concern basis for the reasons stated in the said note.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in paragraph 3 above and Annexure referred to in paragraph 4 above, we report as follows:
 - (a) we have 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31 March 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.008072S)

Geetha Suryanarayanan

Partner
(Membership No.29519)

CHENNAI
30 May 2012

ANNEXURE TO THE AUDITORS' REPORT**(Referred to in paragraph 4 of our report of even date)**

- (i) Having regard to the nature of the Company's business / activities / result, clauses (xii), (xiii), (xiv), (xv) and (xix) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lac in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax / Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax / Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31 March 2012 on account of disputes are given below:

Statute	Nature of the Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in lac)
Central Excise Act, 1944	Excise duty	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax Appellate Tribunal	1998-99 to 2006-07	346.63 (346.63)
Finance Act, 1994	Service Tax	Commissioner of Central Excise (Appeals) /Hon'ble Madras High Court	2003-04 to 2008-09	140.55 (124.23)
Sales Tax Act under various State enactments	Local Sales Tax	Deputy Commissioner (Appeals) / Additional Commissioner (Appeals) / Sales Tax Appellate Tribunal	1997-98 to 2007-08	703.32 (107.25)
Central Sales Tax Act, 1956	Central Sales Tax	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal	1998-99 and 1999-00	- (50.17)

- (xi) The accumulated losses of the Company at the end of the financial year are more than its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xii) As mentioned in Note 5 in view of the Company's inability to meet its liability under the CDR package dated 19 March 2003, ARCIL and other financial institutions have approved the rework package dated 13 March 2010, read with ARCIL term sheet dated 28 March 2010 through CDR mechanism. The Company has paid Rs.126377.17 lac as of 31 March 2012, and as per the rework package, there is no shortfall as on that date.
- (xiii) In our opinion and according to the information and explanations given to us, the company has not availed any term loans during the current year.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 203175 debentures of Rs.100 each. The Company has created security in respect of the debentures issued.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

*Chartered Accountants
(Registration No.008072S)*

Geetha Suryanarayanan

*Partner
(Membership No.29519)*

CHENNAI
30 May 2012

Balance Sheet as at 31 March 2012

(Rupees in lac)

	Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	17877.84	17877.84
	(b) Reserves and surplus	4	(121118.41)	(120487.62)
			(103240.57)	(102609.78)
2	Non-current liabilities			
	(a) Long-term borrowings	5	90298.20	107274.98
	(b) Other long-term liabilities	6	910.38	962.16
	(c) Long-term provisions	7	313.69	427.78
			91522.27	108664.92
3	Current liabilities			
	(a) Trade payables	8	27069.18	54751.25
	(b) Other current liabilities	9	63579.74	92660.05
	(c) Short-term provisions	10	1179.80	2057.28
			91828.72	149468.58
			80110.42	155523.72
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	11		
	(i) Tangible assets		44761.36	82507.11
	(ii) Capital work-in-progress		122.77	276.95
			44884.13	82784.06
	(b) Non-current investments	12	4282.37	5601.46
	(c) Long-term loans and advances	13	3774.53	11713.66
	(d) Other non-current assets	14	-	2137.97
			52941.03	102237.15
2	Current assets			
	(a) Inventories	15	8734.24	16816.17
	(b) Trade receivables	16	1099.08	8784.16
	(c) Cash and cash equivalents	17	1409.79	9964.73
	(d) Short-term loans and advances	18	15895.82	17557.75
	(e) Other current assets	19	30.46	163.76
			27169.39	53286.57
			80110.42	155523.72
	See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

GEETHA SURYANARAYANAN
Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

Statement of Profit and Loss for the year ended 31 March 2012

(Rupees in lac)

S.No	Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	20	244239.13	97361.90
	Less: Excise duty		379.89	45.01
	Revenue from operations (net)		243859.24	97316.89
2	Other income	21	1151.30	1317.80
3	Total revenue (1+2)		245010.54	98634.69
4	Expenses			
	(a) Cost of materials consumed	22	138798.97	56862.15
	(b) Purchases of stock-in-trade	23	2088.91	1498.65
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	1279.38	(2007.18)
	(d) Employee benefits expense	25	3967.65	3135.73
	(e) Finance costs	26	7988.44	2602.43
	(f) Depreciation and amortisation expense	11(i)	4446.49	4456.62
	(g) Other expenses	27	88930.59	36510.01
	Total expenses		247500.43	103058.41
5	Loss before exceptional items and tax (3-4)		(2489.89)	(4423.72)
6	Exceptional items	28	2401.47	10585.76
7	Profit / (Loss) before tax (5 + 6)		(88.42)	6162.04
8	Tax expense			
	Current tax relating to prior years		2592.46	-
9	Profit / (Loss) from Continuing Operations after Tax (7-8)		(2680.88)	6162.04
B	DISCONTINUING OPERATIONS	29		
10.i	Profit from Discontinuing Operations Before Tax and Exceptional items		1624.68	2036.32
10.ii	Exceptional items		(663.82)	-
10.iii	Profit from Discontinuing Operations Before Tax (10.i+10.ii)		960.86	2036.32
10.iv	Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operations (Net)		1089.23	-
10.v	Tax expense of Discontinuing Operations		-	-
11	Profit from Discontinuing Operations After Tax (10.iii+10.iv-10.v)		2050.09	2036.32
12	Profit / (Loss) after Tax (9+11)		(630.79)	8198.36
13	Earnings per share of Rs. 10 each before and after extraordinary items	41		
	(a) Basic			
	(i) Continuing Operations		(1.72)	4.11
	(ii) Total Operations		(0.49)	5.51
	(b) Diluted			
	(i) Continuing Operations		(1.72)	4.11
	(ii) Total Operations		(0.49)	5.51
	See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

GEETHA SURYANARAYANAN
Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Rupees in lac)

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit / (Loss) for the year before exceptional items and tax				
Continuing Operations	(2489.89)		(4423.72)	
Discontinuing Operations	1624.68		2036.32	
		(865.21)		(2387.40)
Add : Exceptional items				
Excess Liability written back		2255.08		-
Profit on Sale of Investment		562.89		14048.95
Loss on sale of Business Unit (SMO)		(1745.56)		-
Profit on sale of Business Unit (Phosphatics)		2166.28		-
Profit/(Loss) on Sale of Fixed Assets (Net)		252.01		(3463.19)
VRS Compensation		(1179.31)		-
Reversal / (Provision) relating to Asset Impairment (net)		515.49		-
Profit for the year before tax and after exceptional item		1961.67		8198.36
Adjustment for :				
Depreciation	6121.13		8894.90	
(Profit) / Loss on sale /retirement of assets (Net)	(10.38)		4714.36	
Profit on sale of Business Undertakings (Net)	(420.72)		-	
Profit on sale of Investment	(562.89)		(14031.95)	
Dimunition in the value of Investments	539.47		-	
Excess liability written back	(2255.08)		-	
Provision for non-moving inventories	462.80		260.31	
(Reversal) / Provision relating to Asset Impairment (net)	(515.49)		920.02	
Provision for doubtful debts and advances	2809.22		119.22	
Unclaimed Credit balances written back	(516.90)		(165.70)	
Provisions no longer required written back	(70.55)		(120.34)	
Bad debts and advances written off	-		0.98	
Exchange difference	6175.33		(462.51)	
Interest and Finance Costs	7884.73		2551.04	
Income from investments	(216.30)		(323.96)	
Interest income	(259.27)		(381.80)	
		19165.10		1974.57
Operating profit before working capital changes		21126.77		10172.93
Adjustments for :				
(Increase)/Decrease in trade receivables	(8404.08)		(3824.60)	
(Increase)/Decrease in inventories	(4542.39)		(6349.86)	
(Increase)/Decrease in loans and advances	6950.46		(13730.49)	
Increase/(Decrease) in current liabilities & provisions	(11347.33)		9194.77	
		(17343.34)		(14710.18)
Cash (used in) / from operations		3783.43		(4537.25)
Direct taxes (paid) / Refund received		553.74		(28.07)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		4337.17		(4565.32)

CASH FLOW STATEMENT (contd.)

(Rupees in lac)

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(1722.83)		(1314.60)	
Proceeds from sale of fixed assets	3746.55		9579.10	
Proceeds from sale of Business undertaking	36195.79		-	
Income from investments	216.30		323.96	
Proceeds from sale of investments	1342.50		32284.91	
Interest income	259.27		381.80	
		40037.58		41255.17
NET CASH FROM INVESTING ACTIVITIES		40037.58		41255.17
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Long term borrowings	(43851.05)		(46555.68)	
Deposits paid	(2.70)		(6.27)	
Interest and Finance Costs paid	(3678.26)		(159.30)	
		(47532.01)		(46721.25)
NET CASH USED IN FINANCING ACTIVITIES		(47532.01)		(46721.25)
NET CASH FLOWS DURING THE YEAR / PERIOD (A+B+C)		(3157.26)		(10031.40)
Cash and cash equivalents (opening balance) *		4704.95		14736.35
Cash balance relating to Discontinuing Operations		362.17		-
Cash and cash equivalents (closing balance) *		1185.52		4704.95
Disclosure of non cash transactions				
Unpaid Interest		4206.48		2391.74
Exchange (loss) / gain on restatement of FRN liability		2376.25		172.81
Conversion of Debt into equity		-		2745.00
Take over of asset resulting in reduction of liability		3327.15		-

* Excludes Margin Money Deposit with Scheduled Banks Rs. 223.82 lac (Previous Year Rs. 2138.37 lac) and Escrow account balance of Rs. 0.45 lac (Previous Year Rs. 3121.41 lac).

The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

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

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

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Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Note 1 CORPORATE INFORMATION

Southern Petrochemical Industries Corporation Limited (the Company), having its registered office at Chennai is a Public Limited Company, incorporated under the provisions of Companies Act, 1956. Its shares are listed on National Stock Exchange of India. The Company is manufacturing and selling Urea, a Nitrogenous chemical fertiliser and has its manufacturing facility at Tuticorin.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April 2006, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

For the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Though adoption of revised schedule VI does not impact recognition and measurement principles followed, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year

ii) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

v) Fixed Assets and Depreciation

Fixed assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less accumulated depreciation / amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer (xiii) below) till such assets are ready for its intended use. Capital work in progress is stated at the amount expended up to the Balance sheet date. Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

Certain assets have been revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 and the resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account (Refer Note 11(ii)). Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Depreciation on fixed assets (other than fixed assets relating to Pen-G unit) has been provided on Straight Line Method (SLM) in accordance with and in the manner prescribed in Schedule XIV of the Companies Act, 1956. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.

Depreciation in respect of fixed assets relating to Pen-G unit is provided based on the useful lives as determined by the management at the following rates which are higher than the rates prescribed under Schedule XIV of the companies Act, 1956:

Class of Asset	Percentage of Depreciation
Buildings	3.34%
Plant & Machinery	5.28% for assets installed after 1 April 2004. For other assets, depreciation is charged at 50% and 33.33% based on the useful life of the assets
Furniture & Fixtures	33.33%
Office Equipments	33.33%
Computers	33.33%
Vehicles	9.50%
Technical Know-how	33.33%

Premium on Lease hold Land is amortized over the tenure of the lease. Individual assets costing less than Rs.5000 are depreciated in full in the year of acquisition.

Intangible assets are amortized over their estimated useful life of 3 years on straight line basis.

vi) Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

vii) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

viii) Inventories

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Contract in Progress representing work in Process on construction contracts reflects proportionate value of inputs and expenses on contracts yet to be billed.

ix) Revenue Recognition

(a) Sales revenue is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.

(b) Nutrient Based Subsidy Scheme (NBS) has been implemented by Government of India for Phosphatic Fertilisers effective from 1 April 2010. Concession allowable under the above scheme (NBS) with respect to Phosphatic fertilisers is recognized at the rates notified by the Government for the year 2011-12. Concession is recognized on the basis of the receipt of the fertilisers at the warehouse/sale at the factory gate to dealers.

Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertiliser Industry, the difference between the cost of production and the selling price realised from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of movement of fertiliser from the factory and receipt of the same at the warehouse/dealer point, as per the procedure prescribed by the Government and not on the basis of ultimate sales. The said amount has been further adjusted for input price escalation/de-escalation as estimated by the management based on prescribed norms.

(c) Income on long-term contract

Income on long-term contracts is recognized on percentage completion method and measured by reference to the percentage of cost incurred up to the reporting date to the estimated total cost for each contract. Provision for anticipated losses on the long-term contracts is made as and when such loss is established.

(d) Dividend Income

Dividend Income is recognized, when the right to receive the payment is established.

x) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Statement of Profit and Loss. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

xi) Employee Benefits**a. Defined Contribution Plan**

- (i) Fixed contributions paid/payable to (i) the Superannuation Fund pertaining to Officers and Executives which is administered by the Company nominated trustees and being managed by Life Insurance Corporation of India, (ii) the Superannuation Fund pertaining to staff members which is administered by Company nominated trustees and (iii) the Employee State Insurance Corporation (ESIC) are charged to the Statement of Profit and Loss.

Company also contributes to a Government administered Pension Fund on behalf of its employees, which are charged to the Statement of Profit and Loss.

- (ii) Fixed Contributions made to the Provident Fund managed by the Regional Provident Fund Commissioner are charged to Statement of Profit and Loss.

b. Defined Benefit Plan

The liability for Gratuity to employees, as at the Balance Sheet date determined on the basis of actuarial valuation using Projected Unit Credit method, is funded with a Gratuity Trust managed by Company nominated Trustees. The liability thereof paid/payable is absorbed in the Statement of Profit and Loss. The actuarial gains/ losses are recognised in the Statement of Profit and Loss.

c. Long Term Compensated Absences

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date and is provided for.

d. Short Term Employee Benefits

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

xii) Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

xiii) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

xiv) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

xv) Taxation

Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961.

Deferred tax is recognized for all the timing differences. Deferred Tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

xvi) Provisions & Contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

(Rupees in lac)

Note 3 Share Capital

Particulars	As at 31 March 2012	As at 31 March 2011
Authorised:		
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:		
16,62,78,374 (16,62,78,374) Equity shares of Rs.10 each	16627.84	16627.84
3,00,000 (3,00,000) 14.50% Redeemable cumulative non-convertible preference shares of Rs.100 each	300.00	300.00
8,50,000 (8,50,000) 11.50% Redeemable cumulative non-convertible preference shares of Rs.100 each	850.00	850.00
1,00,000 (1,00,000) 10.00% Redeemable cumulative non-convertible preference shares of Rs.100 each	100.00	100.00
Total	17877.84	17877.84

3 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Issued to ARCIL on conversion of secured debts	Issued to other secured lenders on conversion of secured debts	Issued on conversion of FCCP shares	Closing Balance
Equity shares					
Year ended 31 March 2012					
- Number of shares	166278374	-	-	-	166278374
- Amount (Rupees in lac)	16627.84	-	-	-	16627.84
Year ended 31 March 2011					
- Number of shares	131173538	10671001	3214734	21219101	166278374
- Amount (Rupees in lac)	13117.35	1067.10	321.48	2121.91	16627.84
Fully compulsorily convertible preference shares					
Year ended 31 March 2012					
- Number of shares	-	-	-	-	-
- Amount (Rupees in lac)	-	-	-	-	-
Year ended 31 March 2011					
- Number of shares	21219101	-	-	(21219101)	-
- Amount (Rupees in lac)	3819.44	-	-	(3819.44)	-

Accounts
3 (ii) Details of Shareholders holding more than 5% shares in the Company

Class of shares / Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
FICON Holdings Limited	43678229	26.27	43678229	26.27
The Bank of Newyork Mellon	17183850	10.33	17194550	10.34
Tamilnadu Industrial Development Corporation Limited	8840000	5.32	8840000	5.32
Asset Reconstruction Company (India) Ltd.	-	-	8597001	5.17
Preference Shares				
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				
Punjab and Sind Bank	150000	17.65	150000	17.65
State Bank of Mysore	100000	11.76	100000	11.76
United India Insurance Company Ltd	100000	11.77	100000	11.77
The Jammu and Kashmir Bank Ltd	500000	58.82	500000	58.82
10.00% Redeemable cumulative non-convertible preference shares				
Mrs. Brish Darbari Seth & Dr Manu Seth	25000	25.00	25000	25.00
Mrs. Brish Darbari Seth & Mrs Dolly Robin Lai	25000	25.00	25000	25.00
Mrs. Brish Darbari Seth & Mrs Mina Rohit Chand	25000	25.00	25000	25.00
Mrs. Brish Darbari Seth & Mrs Biya Sanjay Thukral	25000	25.00	25000	25.00

3 (iii) Equity shares include :

- (a) 1,66,66,666 shares of Rs.10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of Rs.18 per share inclusive of a premium of Rs.8 per share in accordance with SEBI ICDR Regulations, 2009 by conversion of secured debts of a sum of Rs. 3000 lac in to equity at the meeting of the Board of Directors held on 30 March 2010.
- (b) 65,58,676 shares issued in the year 2009-10 on conversion of same number of Fully Compulsorily Convertible Preference (FCCP) shares of the face value of Rs.10 each fully paid up at a premium of Rs.8 per share at the meeting of the Board of Directors held on 31 March 2010. The equity shares acquired by conversion shall be locked-in for a period of 3 years from the date of allotment, reduced to the extent of the holding period of Preferential Shares.
- (c) 2,12,19,101 shares issued in the year 2010-11 on conversion of same number of FCCP shares of the face value of Rs.10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 12 October 2010 after obtaining the exemption from SEBI under SEBI Takeover Code, vide its order dated 28 September 2010, from the requirement of making of a public announcement. The equity shares acquired by conversion shall be locked-in for a period of 3 years from the date of allotment, reduced to the extent of the holding period of Preferential Shares.
- (d) 32,14,734 shares of Rs 10 each fully paid up, at an issue price of Rs 19 per share inclusive of premium of Rs 9 per share in accordance with SEBI ICDR Regulations, 2009 allotted to secured lenders on conversion of secured debts of Rs. 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010.
- (e) 1,06,71,001 shares of Rs 10 each fully paid up, at an issue price of Rs 20 per share inclusive of premium of Rs 10 per share in accordance with SEBI ICDR Regulations, 2009 allotted to ARCIL on conversion of secured debts of Rs. 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010.
- (f) The Company, at the meeting of the Committee of the Board of Directors held on 27 April 2012, has allotted 12,631 equity shares of Rs 10 each to Industrial Investment Bank of India at an issue price of Rs 19 per share, which includes a premium of Rs.9 per share, by way of conversion of secured debt of a sum of Rs 2.40 lac. This is further to the approval of the Members at the Annual General Meeting held on 16 November 2011 for allotment and issue of the said shares and on obtaining 'in-principle' approval from National Stock Exchange of India on 25 April 2012.
- (g) 1,71,83,850 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. 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.

3 (iv) Preference shares:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) Pursuant to the approval of the Board at its meeting held on 25 January 2010 and the shareholders at the EGM held on 22 February 2010, M/s.FICON Holdings Ltd., Mauritius (FICON) a promoter group entity remitted Rs.5000 lac and was allotted 2,77,77,777 FCCP shares of Rs.18 each with each FCCP share compulsorily and mandatorily convertible in multiple tranche to one equity share of Rs.10 each, fully paid up at an issue price of Rs.18 which is inclusive of a premium of Rs.8 per share, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). Out of this 65,58,676 FCCP shares were converted in to Equity shares of face value Rs. 10 each fully paid up at a premium of Rs. 8 per share on 31 March 2010. During 2010-11, the balance of 2,12,19,101 FCCP shares were converted into equity shares of Rs. 10 each at a premium of Rs. 8 per share. (Refer note 3(iii)(b) and 3(iii)(c) above)
- (e) 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, 1956 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 4 Reserves and Surplus

(Rupees in lac)

Particulars	As at 31 March 2012		As at 31 March 2011	
Capital Reserve		97.24		97.24
Capital Redemption Reserve		6500.00		6500.00
Securities Premium Account				
Opening balance	18244.28		15190.33	
Add: Additions during the year				
Premium on shares issued to secured lenders on conversion of secured debts (Refer Note 3(iii)(d))	-		289.33	
Premium on shares issued to ARCIL on conversion of secured debts (Refer Note 3(iii)(e))	-		1067.10	
Premium on shares issued on conversion of FCCP shares (Refer Note 3(iii)(c)).	-		1697.52	
		18244.28		18244.28
Debenture Redemption Reserve (Refer Note 4(i) below)		3800.00		3800.00
Statutory Reserve		41.33		41.33
Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance	(149170.47)		(157368.83)	
Add: Profit / (Loss) for the year	(630.79)		8198.36	
		(149801.26)		(149170.47)
Total		(121118.41)		(120487.62)

Accounts

- 4.(i) In view of the loss for the year, the Company has not created the Debenture Redemption Reserve of Rs 50.79 lac (Previous year Rs. Nil) as required under section 117C of the Companies Act, 1956, read with General Circular No: 9/2002 dated 18 April 2002 issued by the Department of Corporate Affairs. The Company will create the Debenture Redemption Reserve, out of profits, in the future years.

Note 5 Long-term borrowings

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
Privately placed non-convertible debentures - secured *	6833.88	18786.26
Term loans		
From banks - Secured	7513.49	14756.88
From other parties - Secured **	50343.33	47433.09
Total Long term Borrowings - Secured	64690.70	80976.23
From other parties - Unsecured	25607.50	26298.75
Total	90298.20	107274.98

* Includes debentures assigned to Asset Reconstruction Company (India) Limited (ARCIL) Rs. 5265.96 lac (Previous year Rs. 15567.00 lac)

** Includes term loans assigned to ARCIL Rs. 50317.38 lac (Previous year Rs. 47391.32 lac)

5 (i) Security

The secured long term borrowings as above are secured by a pari-passu charge, by way of joint equitable mortgage, on immovable and movable properties of the Company, both present and future, hypothecation of inventories and all present and future book debts of the Company including Government subsidies, pledge of Company's investments in equity of other company identified for divestment, Personal Guarantee of a Director and a former Director and by pledge of shareholding of the private promoters in the Company.

5 (ii) Details of Privately placed non-convertible debentures (Secured)

(Rupees in lac)

Particulars	No. of debentures	Face Value (Rs.)	Long Term Balance as at		Current Balance as at		Due date of redemption	Rate of interest
			31 March 2012	31 March 2011	31 March 2012	31 March 2011		
(i) Series VII			2689.58	5937.26	317.26	-		
(ii) Series XIII			4086.25	12849.00	456.66	-		
(iii) Series XIV	125100	100	41.70	-	83.40	-	30-Jun-12	14%
(iv) Series XV	6750	100	2.25	-	4.50	-	30-Jun-12	14%
(v) Series XVI	42300	100	14.10	-	28.20	-	30-Jun-12	14%
Total			6833.88	18786.26	890.02	-		

5 (iii) Details of Term loans

As per the rework package of CDR dated 13 March 2010 and modifications through letters dated 26 July 2011 and 5 September 2011 (read with Term Sheet of ARCIL dated 28 March 2010 and addendum to Term sheet of ARCIL dated 29 June 2011) the repayment schedule is for the total secured loans including Series VII and Series XIII debentures and accordingly these debentures do not have a separate redemption schedule. Series XIV, XV and XVI privately placed non-convertible debentures are to be redeemed in seven equal quarterly instalments commencing from 31 March 2012. Of these the first instalment had been redeemed by 31 March 2012.

5 (iv) Consequent to the implementation of Corporate Debt Restructuring (CDR) Package dated 19 March 2003, the Company had availed interest relief from various banks and financial institutions amounting to Rs. 4110.36 lac (Previous year Rs. 4110.36 lac) for the year 2002-03 and therefore accrued the interest liability at the reduced rates in the subsequent years up to 31 March 2008.

5. (v) As the Corporate Debt Restructuring (CDR) Package referred above did not yield the desired results, the secured lenders preferred to assign their debts in favour of Asset Reconstruction Company (India) Limited (ARCIL). As on 31 March 2012, secured lenders who held approximately 85.56% in value, assigned the financial assistance granted by them along with the attendant security interests in favour of ARCIL under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

ARCIL and other financial institutions have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010 and Addendum dated 29 June 2011 to the Term Sheet) on successful implementation of which the Company would be eligible for substantial reduction in debts and interest accrued thereon. As the Company could not meet certain repayment obligations as per the rework package, the Corporate Debt Restructuring Empowered Group (CDREG) vide its letters dated 26 July 2011 and 5 September 2011 approved modifications and revised the rework package, stipulating certain changes in the repayment schedule. The total payment to ARCIL and other secured lenders upto 31 March 2012 amounted to Rs.126377.17 lac (Previous year Rs. 82555.15 lac) including a sum of Rs.43822.02 lac (Previous year Rs.46555.68 lac) paid during the year. ARCIL and certain other secured lenders have converted upto 31 March 2012, part of the debts amounting to Rs.5745 lac (Previous year Rs. 5745 lac) into equity as stipulated in the CDR rework package, including Rs.Nil (Previous year Rs. 2745 lac) converted during the year. They have also converted part of the debt amounting to Rs 203.18 lac (Previous year Rs. Nil) into non-convertible debentures, out of which debentures amounting to Rs. 29.03 lac have been redeemed during the year.

In line with the terms of the revised rework package, the Company monetized certain other assets and the proceeds alongwith internal accruals were utilized for repayment of its dues to ARCIL and other secured lenders. The Company has paid interest of Rs 3446.15 lac (Previous year Rs. Nil) on account of delay in settlement of dues to ARCIL and other secured lenders. As per the terms of the rework package, in the event, the Company is unable to meet the payment terms, the package shall be withdrawn. Pending settlement of the balance dues, no credit has been taken for expected relief in loan/interest liabilities.

- 5.(vi) During November 2011, the Financial Institution which had extended assistance against the land and building of Agribusiness Division exercised its right towards settlement of the loan. Consequently the Company executed a Power of Attorney (POA), in favour of the lender, duly registered, for disposal of the aforesaid assets against which the lender has issued a No Due Certificate. Hence the loan liability net of carrying value of the assets taken over is written back and disclosed as an exceptional item. The said institution is not a party to the CDR rework package dated 13 March 2010.

(Rupees in lac)

Note 6 Other long-term liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
Advances from customers and other parties	-	37.50
Liabilities for expenses	910.38	924.66
Total	910.38	962.16

Note 7 Long-term provisions

Particulars	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits:		
- Provision for compensated absences	313.69	427.78
Total	313.69	427.78

(Rupees in lac)

Note 8 Trade payables

Particulars	As at 31 March 2012	As at 31 March 2011
Trade payables:		
- Micro enterprises and small enterprises	69.98	121.44
- Other than Micro enterprises and small enterprises	26999.20	54629.81
Total	27069.18	54751.25

Note 9 Other current liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
Current maturities of long-term debt (Refer Note 9(i) below)	28462.74	46770.93
Interest accrued but not due on borrowings	-	5362.78
Interest accrued and due on borrowings	18199.76	18183.84
Unclaimed deposits	3.33	6.03
Retention Money	19.29	24.81
Other payables		
- Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	145.74	309.22
- Liabilities for expenses	9877.07	11215.80
- Trade / security deposits received	2240.22	2265.66
- Interest accrued on security deposit	246.27	211.36
- Advances from customers and other parties	4385.32	8309.62
Total	63579.74	92660.05

Note 9 (i) Current maturities of long-term debt (Refer Note 5 Long term borrowings for details of security)

Particulars	As at 31 March 2012	As at 31 March 2011
Debentures - Secured *	890.02	-
Term loans		
From banks - Secured	859.58	-
From other parties		
Secured **	5626.50	36334.48
Unsecured	21086.64	10436.45
Total	28462.74	46770.93

* Includes debentures assigned to ARCIL Rs. 588.06 lac (Previous year Rs. Nil)

** Includes term loans assigned to ARCIL Rs. 5623.60 lac (Previous year Rs. 34940.00 lac)

(Rupees in lac)

Note 10 Short-term provisions

Particulars	As at 31 March 2012	As at 31 March 2011
Provision for employee benefits:		
- Provision for compensated absences	63.80	42.78
- Provision for gratuity	626.45	1035.07
- Provision for superannuation fund	489.55	979.43
Total	1179.80	2057.28

Note 11 Fixed Assets

Description	Gross block				Accumulated depreciation				Impairment Loss *	Net block	
	Opening Balance as at 1 April 2011	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2012	Opening Balance as at 1 April 2011	Additions/ Adjustments	Deletions/ Adjustments	Closing Balance as at 31 March 2012		As at 31 March 2012	As at 31 March 2011
<u>Tangible Assets \$</u>											
Land											
- Freehold	10199.96	-	4300.68	5899.28	-	-	-	-	-	5899.28	10199.96
- Leasehold	130.19	13.54	143.73	-	29.64	0.72	30.36	-	-	-	100.55
Buildings #	30198.02	-	17097.83	13100.19	14441.64	364.97	8841.49	5965.12	157.70	6977.37	15609.17
Plant and Equipment	192947.84	1142.74	72373.57	121717.01	138912.18	5502.23	52664.28	91750.13	139.71	29827.17	53410.48
Furniture and Fixtures	844.75	6.96	293.32	558.39	750.05	27.13	270.96	506.22	5.31	46.86	497.98
Vehicles	326.14	78.85	200.96	204.03	215.16	24.01	105.83	133.34	6.21	64.48	110.98
Office equipments	9636.97	145.84	2739.12	7043.69	7587.12	162.19	2197.72	5551.59	-	1492.10	1637.53
Roads	1171.85	-	953.44	218.41	581.80	25.65	488.98	118.47	-	99.94	572.07
Railway Sidings	582.26	-	-	582.26	213.87	14.23	-	228.10	-	354.16	368.39
<u>Intangible Assets</u>											
- Technical know- how	523.66	-	361.85	161.81	403.05	-	241.24	161.81	-	-	-
Total	246561.64	1387.93	98464.50	149485.07	163134.51	6121.13	64840.86	104414.78	308.93	44761.36	
Previous Year	262690.41	1831.26	17960.03	246561.64	157739.93	8894.90	3500.32	163134.51	920.02		82507.11
Capital Work-in-progress										122.77	276.95

Notes:

Includes Rs. Nil (Previous year Rs. 756.56 lac) being the cost of building on lease hold land.

\$ Includes R & D Assets Nil (Previous year Rs. 339.03 lac).

* In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., buildings, plant and machinery, furniture and fittings and vehicles relating to the Formulation and Enzyme Units of the Pharmaceutical Division and has provided for impairment loss estimated at Rs.308.93 lac which is disclosed in Note 29(v).

The impairment to the tune of Rs. 920.02 lac as on 31 March 2011 provided on Pen-G assets at Cuddalore has been reversed during the current year consequent to the sale of those assets by ARCIL.

Capital Work-in-progress of Rs. 122.77 lac is net of provision of Rs.95.60 lac as disclosed in Note 29 (v).

(Rupees in lac)

11 (i) Depreciation disclosure relating to Continuing and Discontinuing operations

Sl. No	Particulars	Year ended 31 March 2012	Year ended 31 March 2011
1	Depreciation for the year on tangible assets	6121.13	8774.27
2	Depreciation for the year on intangible assets	-	120.63
	Total Depreciation as per Note 11	6121.13	8894.90
	Depreciation relating to Continuing operations	4446.49	4456.62
	Depreciation relating to Discontinuing operations	1674.64	4438.28

- 11 (ii)** Certain assets pertaining to Urea operations, Pharmaceutical and Biotechnology divisions were revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 by independent professional valuers and the resultant surplus included in the gross block of fixed assets as on 31 March 2012 is as below:

Assets revalued	Revaluation uplift
Land	5849.67
Buildings	11822.72
Plant and Equipment	80413.00
Furniture and Fixtures	3184.45
Roads	207.47
Railway Sidings	182.90

Note 12 Non-Current Investments

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
NON-CURRENT INVESTMENTS (At cost)						
OTHER INVESTMENTS (NON - TRADE)						
(a) Investment in equity instruments - fully paid up						
(i) of subsidiaries						
- SPEL Semiconductor Limited						
2,58,11,207 (2,58,11,207) Equity Shares of Rs. 10 each	7738.98	-	7738.98	7738.98	-	7738.98
- SPIC Fertilizers and Chemicals Limited, Mauritius (Refer Note 12(i) below)						
3,26,40,000 (3,26,40,000) Equity Shares of USD 1 each	-	18453.62	18453.62	-	18453.62	18453.62
- Orchard Microsystems Limited						
Nil (32,62,100) Equity Shares of Rs. 10 each	-	-	-	-	270.60	270.60
Total Investment in Equity instruments in Subsidiaries	7738.98	18453.62	26192.60	7738.98	18724.22	26463.20

(Rupees in lac)

Note 12 Non-Current Investments (contd.)

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(ii) of associates						
- Tuticorin Alkali Chemicals and Fertilizers Limited (Refer Note 12(ii) below)						
66,80,113 (66,80,113) Equity Shares of Rs. 10 each	1935.67	-	1935.67	1935.67	-	1935.67
- Gold Nest Trading Company Limited						
2,49,000 (2,49,000) Equity Shares of Rs. 100 each	-	250.25	250.25	-	250.25	250.25
Total Investment in Equity instruments in Associates	1935.67	250.25	2185.92	1935.67	250.25	2185.92
(iii) of joint venture companies						
- Tamilnadu Petroproducts Limited						
1,52,34,375 (1,52,34,375) Equity Shares of Rs. 10 each	1980.47	-	1980.47	1980.47	-	1980.47
- National Aromatics & Petrochemicals Corporation Ltd						
25,000 (25,000) Equity Shares of Rs. 10 each	-	2.50	2.50	-	2.50	2.50
Total Investment in Equity instruments in Joint Ventures	1980.47	2.50	1982.97	1980.47	2.50	1982.97
(iv) of other entities						
- Manali Petrochemicals Limited						
10,000 (1,14,61,053) Equity shares of Rs. 5 each	0.68	-	0.68	780.30	-	780.30
- SICAGEN India Limited (Refer Note 12 (iii) below)						
5,77,681 (5,77,681) Equity Shares of Rs. 10 each	-	-	-	-	-	-
- State Bank of Bikaner and Jaipur						
3,450 (3,450) Equity Shares of Rs. 10 each	1.85	-	1.85	1.85	-	1.85
- ICICI Bank Limited						
383 (383) Equity Shares of Rs. 10 each	0.20	-	0.20	0.20	-	0.20
- SPIC Petrochemicals Limited (Refer Note 12 (iv) below)						
25,37,50,009 (25,37,50,009) Equity Shares of Rs. 10 each	-	25375.00	25375.00	-	25375.00	25375.00
- SPIC Electric Power Corporation Private Limited						
5,00,000 (5,00,000) Equity Shares of Rs. 10 each	-	50.00	50.00	-	50.00	50.00
- Biotech Consortium India Limited						
2,50,000 (2,50,000) Equity Shares of Rs. 10 each	-	25.00	25.00	-	25.00	25.00
- Cuddalore SIPCOT Industries Common Utilities Limited						
15,915 (15,915) Equity Shares of Rs. 100 each	-	15.92	15.92	-	15.92	15.92
- Chennai Willington Corporate Foundation						
50 (50) Equity Shares of Rs. 10 each costing Rs. 450	-	-	-	-	-	-
Total Investment in Equity instruments in other entities	2.73	25465.92	25468.65	782.35	25465.92	26248.27
(b) Investment in preference shares - fully paid up						
(i) of associates						
- Tuticorin Alkali Chemicals and Fertilisers Limited						
20,00,000 (20,00,000) 5% Redeemable Cumulative Preference Shares of Rs. 100 each	-	2000.00	2000.00	-	2000.00	2000.00
Total Investment in preference shares in associates	-	2000.00	2000.00	-	2000.00	2000.00

Note 12 Non-Current Investments (contd.)

(Rupees in lac)

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(ii) <i>of other entities</i>						
- SPIC Petrochemicals Limited (Refer Note 12 (iv) below)						
5,000 (5,000) 8% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each	-	5.00	5.00	-	5.00	5.00
Total Investment in preference shares in other entities	-	5.00	5.00	-	5.00	5.00
(c) Investment in bonds - fully paid up						
(i) <i>of other entities</i>						
- SPIC Petrochemicals Limited* (Refer Note 12 (iv) below)	-	30609.63	30609.63	-	30609.63	30609.63
[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.						
Total Investment in Bonds	-	30609.63	30609.63	-	30609.63	30609.63
(d) Investment in mutual funds						
- 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	-	1.00	1.00
Total Investment in Mutual Funds	-	1.00	1.00	-	1.00	1.00
GROSS VALUE OF INVESTMENTS	11657.85	76787.92	88445.77	12437.47	77058.52	89495.99
Less: Provision for diminution in value of investments	7417.40	76746.00	84163.40	6877.93	77016.60	83894.53
NET VALUE OF INVESTMENTS	4240.45	41.92	4282.37	5559.54	41.92	5601.46
Aggregate amount of quoted investments			4240.45			5559.54
Aggregate market value of quoted investments			5054.00			7192.75
Aggregate amount of unquoted investments			41.92			41.92

- 12.(i) The Company's investments included Rs. 18453.62 lac (Previous year Rs.18453.62 lac) in equity share capital of SPIC Fertilizers and Chemicals Limited, Mauritius, which has invested in a wholly owned subsidiary company, viz. SPIC Fertilizers and Chemicals FZE, Dubai(SFC FZE, Dubai) in the earlier years, whose objective was production of ammonia and urea in Jebel Ali Free Zone, Dubai. Since the project did not materialize due to non allocation of gas, the said subsidiary company had commenced activities for dismantling the existing plant and machinery at the project site with a view to relocate the same where assured gas supply could be obtained.

Meanwhile, the Jebel Ali Free Zone Authorities (JAFZA), Dubai had issued a notice on 24 March 2010 to SFC FZE, Dubai, for vacation of site and surrender of materials and machineries on site to JAFZA towards land lease arrears amounting to Rs.2483.50 lac (equivalent to 20334918.75 AED) due to them failing which they will initiate legal action against the said company. SFC FZE, Dubai, has conveyed its consent to the above authorities to avoid proposed legal action and consequent damages. As the project remained a non-starter, full provision has already been made by the Company for the carrying value of investment in SPIC Fertilizers and Chemicals Limited, Mauritius, along with other dues from it. The Company is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account.

- 12.(ii) The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said Company without their prior approval.
- 12.(iii) Consequent to the Scheme of Arrangement (Demerger) between SICAL Logistics Limited and SICAGEN India Limited, sanctioned by the Hon'ble High Court of Madras, by its order dated 20 December 2007, the Company was allotted 5,77,681 Equity Shares of the face value of Rs. 10 each in SICAGEN India Limited.
- 12.(iv) The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn (Capacity: 80000 TPA) and Purified Terephthalic Acid (Capacity: 315000 TPA). The Company had invested Rs.25375.00 lac in the equity share capital, Rs.5.00 lac in 8% redeemable cumulative non convertible preference share capital, Rs.30609.63 lac in Unsecured Zero Interest Bonds redeemable after 12 years from the date of commencement of commercial production or repayment of all the term loans to the lenders, whichever is earlier. In view of the pending litigation between Chennai Petroleum Corporation Limited (CPCL) and the Company and the consequent interim injunction granted by the Hon'ble Madras High Court in 1997 to stop implementation of activities, there has been a suspension of activities.

While SPIC Petro was pursuing its revival efforts, the Hon'ble Single Judge of the Hon'ble Madras High Court ordered the winding up of the company on 17 April 2009 and appointed the Official Liquidator to take charge of all the properties and effects of the company, at the time of disposing the winding up petitions filed by certain unsecured creditors.

Against the above winding up order, SPIC Petro filed an appeal and obtained an interim stay from the Division Bench of the Hon'ble Madras High Court on 5 May 2009. After several hearings, the Division Bench vide its order dated 16 December 2009 directed SPIC Petro to pay an amount of Rs.110 lac as part-payment to certain unsecured creditors who have initiated the winding up proceedings before the court, on or before 31 March 2010. Since SPIC Petro was unable to make the above payment on or before 31 March 2010, the Division Bench of the Hon'ble Madras High Court, dismissed the appeal on 26 April 2010. Meanwhile, ARCIL issued a notice on 19 March 2009, u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), directing SPIC Petro to make payment of the dues to ARCIL within sixty days from the date of the notice. As SPIC Petro could not make the payment, ARCIL took over the possession of the assets of SPIC Petro, under SARFAESI Act on 13 May 2010.

However, the Official Liquidator appointed by the Hon'ble Madras High Court has taken over possession of the assets and effects of SPIC Petro on 14 May 2010, in accordance with the order issued by the Division Bench of the Hon'ble Madras High Court on 26 April 2010. Consequent to the above, the nominee directors of SPIC Limited have ceased to be directors of SPIC Petro with effect from 14 May 2010. On an appeal preferred by ARCIL, the Hon'ble Madras High Court vide its order dated 20 December 2010 directed the Official Liquidator to hand back the possession of the above mentioned assets to ARCIL, pursuant to which ARCIL took repossession of the same on 4 January 2011.

In view of the above developments, the Company had lost its control over SPIC Petro and hence it ceased to be a subsidiary of the Company. However, full provision has already been made in the earlier years for the carrying value of investments and also for all other dues from this company.

(Rupees in lac)

Note 13 Long-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
Capital advances				
Considered good	275.44		2138.39	
Doubtful	2091.04		-	
	2366.48		2138.39	
Less: Provision for doubtful capital advances	2091.04	275.44	-	2138.39
Deposits				
Considered good	2869.37		2918.67	
Doubtful	4.12		4.12	
	2873.49		2922.79	
Less: Provision for doubtful deposits	4.12	2869.37	4.12	2918.67
Loans and advances to employees				
Unsecured, considered good	5.79		7.49	
Doubtful	5.35		5.35	
	11.14		12.84	
Less: Provision for doubtful loans and advances	5.35	5.79	5.35	7.49
Advance income tax (Net of provisions Rs. 4135.56 lac (previous year Rs. 1543.09 lac))		593.79		3739.99
Balances with government authorities				
Unsecured, considered good	30.14		2909.12	
Doubtful	370.27		-	
	400.41		2909.12	
Less: Provision for doubtful receivables	370.27		-	
		30.14		2909.12
Total		3774.53		11713.66

- 13 (i) Capital advances include a sum of Rs.2091.04 lac (Previous year Rs.2091.04 lac) being advances paid to MCC Finance Limited for purchase of certain immovable properties. The Company entered into sale agreements for these properties with MCC Finance Limited and the execution and registration of sale deeds are pending. The Administrator/Provisional Liquidator of MCC Finance Limited has filed a Petition before the Company Court at Chennai seeking a direction that the sale agreements entered into between the Company and MCC Finance Limited be declared null and void. The said Petition was allowed by the Single Judge on 18 June 2003. The Company filed an appeal against the Order before the Division Bench of the Hon'ble Madras High Court. The Division Bench admitted the appeal and ordered status quo be maintained, pending disposal of the appeal. However full provision was made in the accounts during 1st quarter of the current year and the pending appeal was withdrawn by the Company during September 2011. MCC Finance Limited has since filed a Scheme of Arrangement with its creditors under section 391 of the Companies Act, 1956 before the Hon'ble Madras High Court which is pending approval.

(Rupees in lac)

Note 14 Other non-current assets

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
Trade Receivables -Considered good *	-	2137.97
Total	-	2137.97

* Represents retentions on account of Contract-in-progress.

Note 15 Inventories (At lower of cost and net realisable value)

Particulars	As at 31 March 2012		As at 31 March 2011	
Raw materials	3610.50		6557.13	
Less: Provision for Non Moving Raw materials	-	3610.50	513.80	6043.33
Work-in-progress (Refer Note 15(i))		735.44		1794.13
Finished goods (Refer Note 15(ii))		407.82		3077.54
Stock-in-trade (Refer Note 15(iii))		-		95.92
Stores and spares	4626.35		4016.32	
Goods-in-transit	47.45		20.60	
Less : Provision for Non Moving Spares	710.69	3963.11	1443.55	2593.37
Loose tools		17.37		17.06
Contracts-in-progress		-		3194.82
Total		8734.24		16816.17

Note 15 (i) Details of work-in-progress

Particulars	As at 31 March 2012	As at 31 March 2011
Captive Ammonia	681.31	1556.23
Formulation	7.97	-
Tissue Culture	46.15	72.70
Others	0.01	165.20
Total	735.44	1794.13

(Rupees in lac)

Note 15 (ii) Details of Finished Goods

(Previous Year's figures are given in brackets)

Particulars	OPENING STOCK		CLOSING STOCK	
	Continuing	Discontinuing	Continuing	Discontinuing
Urea	379.93 (10.47)		52.94 (379.93)	
Seeds	134.06 (30.08)		190.25 (134.06)	
Tissue Culture	107.94 (73.51)		96.19 (107.94)	
Di-Ammonium Phosphate		35.09 (1.38)		- (35.09)
Complex Fertiliser (NPK 20:20:20)		667.25 (-)		- (667.25)
Single Super Phosphate		498.11 (-)		- (498.11)
Aluminium Fluoride		31.53 (524.29)		- (31.53)
Gypsum		1167.38 (441.03)		- (1167.38)
Penicillin-G (MMU)		- (18.95)		- (-)
Others	- (0.20)	56.25 (141.25)	- (-)	68.44 (56.25)
Total	621.93 (114.26)	2455.61 (1126.90)	339.38 (621.93)	68.44 (2455.61)

Note 15 (iii) Details of Stock in trade

(Previous Year's figures are given in brackets)

Particulars	OPENING STOCK		CLOSING STOCK	
	Continuing	Discontinuing	Continuing	Discontinuing
Di-Ammonium Phosphate	- (-)	95.92 (-)	- (-)	- (95.92)
Total	- (-)	95.92 (-)	- (-)	- (95.92)

(Rupees in lac)

Note 16 Trade receivables

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Secured, considered good	3.26		-	
Unsecured, considered good *	254.29		1730.66	
Doubtful	1034.68		2079.36	
	1292.23		3810.02	
Less : Provision for doubtful trade receivables	1034.68		2079.36	
		257.55		1730.66
Other Trade receivables				
Secured, considered good	5.82		-	
Unsecured, considered good *	835.71		7053.50	
Doubtful	-		4.31	
	841.53		7057.81	
Less : Provision for doubtful trade receivables	-		4.31	
		841.53		7053.50
Total		1099.08		8784.16

* Includes Nil in Trade receivables exceeding six months (Previous year Rs. 1680.98 lac) and Nil in Other Trade receivables (Previous year Rs.0.40 lac) retentions on account of Contract-in-progress

16 (i) Trade receivables include debts due from:

Particulars	As at 31 March 2012	As at 31 March 2011
Private companies in which any director is a director or member		
SIDD Life Sciences Pvt.Ltd	-	0.04
Total	-	0.04

Note 17 Cash and cash equivalents

Particulars	As at 31 March 2012	As at 31 March 2011
Cash on hand	5.34	35.06
Cheques, drafts on hand	500.00	-
Balances with banks		
- In current accounts	559.24	2076.61
- In EEFC accounts	0.94	0.82
- In deposit accounts	120.00	2592.46
- In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	223.82	2138.37
- Balance in Escrow Account	0.45	3121.41
Total	1409.79	9964.73
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is	1185.52	4704.95

(Rupees in lac)

Note 18 Short-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
Loans and advances to related parties				
Considered good	35.35		0.34	
Doubtful	4271.02		2093.77	
	4306.37		2094.11	
Less: Provision for doubtful loans and advances	4271.02	35.35	2093.77	0.34
Deposits				
Considered good	91.25		9.93	
Doubtful	62.92		-	
	154.17		9.93	
Less: Provision for doubtful deposits	62.92	91.25	-	9.93
Loans and advances to employees				
Considered good	7.49		12.54	
Doubtful	20.72		32.70	
	28.21		45.24	
Less: Provision for doubtful loans and advances	20.72	7.49	32.70	12.54
Prepaid expenses		74.00		240.73
Subsidy Receivable		7568.94		15376.42
Balances with government authorities				
Unsecured, considered good	445.50		160.57	
Doubtful	37.40		37.40	
	482.90		197.97	
Less: Provision for doubtful receivables	37.40	445.50	37.40	160.57
Advances to Suppliers		6423.92		605.55
Loans and Advances to other parties				
Unsecured, considered good	1249.37		1151.67	
Doubtful	548.41		2753.52	
	1797.78		3905.19	
Less: Provision for doubtful loans and advances	548.41	1249.37	2753.52	1151.67
Total		15895.82		17557.75

18 (i) Short-term loans and advances include amounts due from:

Particulars	As at 31 March 2012	As at 31 March 2011
Private companies in which any director is a director or member		
- Totalcomm Infra Services Pvt.Ltd.,	5.71	4.60
- Wilson International Trading India Pvt. Ltd.,	0.01	-
Total	5.72	4.60

18 (ii) The loans & advances include certain overdue and unconfirmed balances. However, in the opinion of the Management these current assets would in the ordinary course of business realize the value as stated in the accounts.

(Rupees in lac)

Note 19 Other current assets

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
Interest accrued on deposits		9.94		86.07
Others				
- Insurance claims				
Considered good	0.07		41.40	
Doubtful	0.71		-	
	0.78		41.40	
Less: Provision for doubtful claims	0.71	0.07	-	41.40
- Others receivables				
Considered good	20.45		36.29	
Doubtful	72.59		72.59	
	93.04		108.88	
Less: Provision for doubtful receivables	72.59	20.45	72.59	36.29
Total		30.46		163.76

Note 20 Revenue from operations

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Sale of products	37759.61	18008.13
Subsidy Income	205462.22	79132.10
Sales and Services (Refer Note 20(i) below)	243221.83	97140.23
Other operating revenues (Refer Note 20(ii) below)	1017.30	221.67
	244239.13	97361.90
<u>Less:</u>		
Excise duty	379.89	45.01
Total	243859.24	97316.89

Note 20 (i) Sales and Services

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Urea	33645.24	15457.24
Fertiliser and Transport Subsidy (Urea)	205462.20	79132.10
Seeds	908.88	697.11
Tissue Culture	586.00	523.74
Others	2619.51	1330.04
Total	243221.83	97140.23

(Rupees in lac)

Note 20 (ii) Other Operating Revenues

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Unclaimed credit balances Written Back	313.29	25.34
Facility Sharing Income (Refer Note 40(ii))	461.62	-
Sale of scrap	69.78	51.56
Other Operating Income	172.61	144.77
Total	1017.30	221.67

Note 21 Other income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest income (Refer Note 21 (i) below)	193.79	195.25
Dividend income - from long-term investments:		
Joint ventures	152.34	76.17
Others	63.95	247.79
Net gain on foreign currency transactions and translation	-	340.32
Provision no longer required written back		
For Doubtful debts / advances	-	95.00
Others	516.90	-
Other non-operating income (Refer Note 21 (ii) below)	224.32	363.27
Total	1151.30	1317.80

Note 21 (i) Interest income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest from banks deposits	160.01	138.00
Interest income from current investments (Fertiliser Bond)	-	26.04
Other interest	33.78	31.21
Total	193.79	195.25

Note 21 (ii) Other non-operating income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Rental income	174.32	263.27
Miscellaneous income	50.00	100.00
Total	224.32	363.27

(Rupees in lac)

Note 22 Cost of materials consumed

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening stock	2126.22	2068.67
Add: Purchases	140164.82	56919.70
	142291.04	58988.37
Less: Closing stock	3492.07	2126.22
Cost of material consumed	138798.97	56862.15

Note 22 (i) Raw materials consumed

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Naphtha	138798.97	56844.95
Others	-	17.20
Total	138798.97	56862.15

Note 23 Purchase of Stock-in-trade

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Ammonium Chloride	488.27	-
Zinc Sulphate	618.35	636.22
Micro Nutrients	184.34	137.31
Seeds	692.71	590.98
Others	105.24	134.14
Total	2088.91	1498.65

Note 24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
<u>Inventories at the beginning of the year:</u>		
Finished goods	621.94	114.26
Work-in-progress	1724.30	224.80
	2346.24	339.06
<u>Inventories at the end of the year:</u>		
Finished goods	339.38	621.94
Work-in-progress	727.48	1724.30
	1066.86	2346.24
Net (increase) / decrease	1279.38	(2007.18)

(Rupees in lac)

Note 25 Employee benefits expense

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Salaries and wages	3013.27	2312.74
Contributions to provident and other funds	185.12	148.37
Contribution to gratuity	232.82	269.61
Contribution to superannuation funds	134.51	116.51
Staff welfare expenses	401.93	288.50
Total	3967.65	3135.73

Note 26 Finance costs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Interest expense on:		
-Borrowings	7670.77	2381.96
-Trade payables/Trade advances	14.40	-
-Deposits	177.49	168.98
-Others	22.05	0.09
Other borrowing costs	103.73	51.40
Total	7988.44	2602.43

(Rupees in lac)

Note 27 Other expenses

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
Consumption of stores and spare parts		780.54		329.59
Packing, transportation and handling		6950.44		3516.55
Increase / (decrease) of excise duty on inventory		(36.30)		9.76
Power and fuel		65765.43		28921.94
Water		709.06		267.65
Rent		368.16		280.88
Repairs to				
- Buildings	242.50		199.13	
- Machinery	1032.19		496.03	
- Others	320.75	1595.44	224.20	919.36
Insurance		311.13		215.51
Rates and taxes		99.83		99.93
Travelling and conveyance		456.51		253.45
Marketing service charges		400.50		-
Rebates and discount		2693.00		793.33
Sales promotion expenses		5.21		0.33
Professional fees		849.28		218.77
Payment to auditors (Refer Note 27 (i) below)		62.04		46.95
Bad trade and other receivables, loans and advances written off	215.38		19.48	
Less: Transfer from Provision	215.38	-	18.50	0.98
Profit / (Loss) on fixed assets sold / scrapped / written off		(4.23)		46.97
Investment written off	270.60		-	
Less: Transfer from Provision	270.60	-	-	-
Net loss on foreign currency transactions and translation		4170.58		-
Provision for doubtful trade and other receivables, loans and advances (net)		2492.93		25.89
Provision for diminution in value of Investment		539.47		-
Loss on sale of current investments	-		65.89	
Less: Transfer from Provision	-	-	48.89	17.00
Miscellaneous expenses		721.57		545.17
Total		88930.59		36510.01

(Rupees in lac)

Note 27 (i) Payment to Auditors

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Payments to the auditors comprises (net of service tax input credit, where applicable):		
- As auditors - statutory audit	30.00	25.00
- For other services	31.07	21.11
- Reimbursement of expenses	0.97	0.84
Total	62.04	46.95

Note 28 Exceptional items

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Excess Liability written back (Refer Note 5(vi))	2255.08	-
Profit on Sale of Investment	562.89	14048.95
Profit / (Loss) on Sale of Fixed Assets	(416.50)	(3463.19)
Total	2401.47	10585.76

Note 29 Discontinuing Operations

- 29 (i) In view of the Company's inability to restart the Pen-G operation due to unremunerative market on account of Chinese imports and also considering the non-viability of operations relating to R&D and Active Pharmaceutical Ingredients (API) of the Pharma unit, Asset Reconstruction Company (India) Ltd., (ARCIL) vide notice dated 17 May 2011 intimated that they had taken over the possession of immovable properties of the Pen-G unit at Cuddalore. Consequently the operations of Pen-G, R&D and API of the Pharma unit were closed by the Company. ARCIL sold the assets relating to Pen-G unit during October 2011 and appropriated the sale proceeds against the outstanding dues payable by the Company to ARCIL and other secured lenders.
- 29 (ii) Pursuant to the approval of CDR Empowered Group and the consent of the Shareholders obtained through postal ballot, the SPIC Maintenance Organisation (SMO) Division and Phosphatics Business of the Company were sold as going concern on a slump sale basis during September 2011 and October 2011 respectively. Pending completion of the statutory formalities, production and sale of Phosphatic fertilisers were carried out by the Company on behalf of the buyer for the period from 19 to 24 October 2011. Consequently, the sale of Rs. 1355.28 lac is included in the net sales / income from operations of the current year and the resultant excess of sale proceeds over the expenses has been transferred to the buyer. Claims, if any, which are non current in nature arising out of the aforesaid discontinued business operations prior to the date of their transfer will be discharged by the Company as per the terms of the Business Transfer Agreements executed with the buyers.
- 29 (iii) The operations of the Formulations Industrial Unit at Maraimalai Nagar were discontinued with effect from 2 April 2012 due to low demand for its products in the domestic and export markets and uncertain power situation.
- 29 (iv) The operations of Enzyme Unit of the Pharmaceutical Division are being discontinued by the Company in view of its uneconomical business size, constraints in fund infusion/restart-up of the operations after being relocated from various places and paucity of working capital.
- 29 (v) In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., buildings, plant and machinery, furniture and fittings, and vehicles including Capital Work-in-Progress of Rs. 95.60 lac relating to the Formulation and Enzyme Units of the Pharmaceutical Division and has provided for impairment loss estimated at Rs.404.53 lac which is included in "Exceptional Item".

29 (vi) Notes to Discontinuing Operations for the year ended 31 March 2012

(Rupees in lac)

S. No	Particulars	Discontinuing				
		Agro Inputs (Phosphatic Operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
1	Revenue from operations (gross)	67647.38	1187.15	475.33	18167.80	87477.66
	Less: Excise duty	438.83	-	6.59	-	445.42
	Revenue from operations (net)	67208.55	1187.15	468.74	18167.80	87032.24
2	Other income	159.17	-	-	68.08	227.25
3	Total revenue (1+2)	67367.72	1187.15	468.74	18235.88	87259.49
4	Expenses					
	(a) Cost of materials consumed	49961.22	405.40	79.08	-	50445.70
	(b) Purchases of stock-in- trade	-	2.42	190.89	-	193.31
	(c) Changes in inventories of finished goods, work-in- progress and stock-in- trade	1040.23	(29.45)	9.28	(769.06)	251.00
	(d) Employee benefits expense	1364.96	328.81	148.86	497.26	2339.89
	(e) Finance costs	11.53	-	-	24.32	35.85
	(f) Depreciation and amortisation expense	955.11	640.76	17.66	61.11	1674.64
	(g) Other expenses	11254.24	958.96	143.28	18337.94	30694.42
	Total expenses	64587.29	2306.90	589.05	18151.57	85634.81
5	Profit / (Loss) before exceptional items and tax (3 - 4)	2780.43	(1119.75)	(120.31)	84.31	1624.68
6	Exceptional items					
	(a) VRS Compensation	-	(1179.31)	-	-	(1179.31)
	(b) Reversal / (Provision) relating to Asset Impairment (net)	-	633.10	(117.61)	-	515.49
7	Profit from Discontinuing Operations (5 + 6)	2780.43	(1665.96)	(237.92)	84.31	960.86
8	Gain / (Loss) on disposal of assets / settlement of liabili- ties attributable to the discon- tinuing operations	2166.28	668.51		(1745.56)	1089.23
9	Profit / (Loss) before and after tax (7 ± 8)	4946.71	(997.45)	(237.92)	(1661.25)	2050.09

(Rupees in lac)

29 (vii) Notes to Discontinuing Operations for the year ended 31 March 2011

S. No	Particulars	Discontinuing				
		Agro Inputs (Phosphatic Operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
1	Revenue from operations (gross)	50218.84	1582.38	971.50	24637.53	77410.25
	Less: Excise duty	333.99	53.59	-	-	387.58
	Revenue from operations (net)	49884.85	1528.79	971.50	24637.53	77022.67
2	Other income	266.00	10.77	-	191.26	468.03
3	Total revenue (1+2)	50150.85	1539.56	971.50	24828.79	77490.70
4	Expenses					
	(a) Cost of materials consumed	34894.30	273.72	239.73	-	35407.75
	(b) Purchases of stock-in-trade	-	142.84	318.80	-	461.64
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1548.79)	153.56	(7.24)	(1421.95)	(2824.42)
	(d) Employee benefits expense	1458.38	682.82	114.70	935.19	3191.09
	(e) Finance costs	6.18	-	-	89.35	95.53
	(f) Depreciation and amortisation expense	1880.34	2453.06	16.64	88.24	4438.28
	(g) Other expenses	6925.97	3113.01	236.83	24408.70	34684.51
	Total expenses	43616.38	6819.01	919.46	24099.53	75454.38
5	Profit / (Loss) before exceptional items and tax (3 - 4)	6534.47	(5279.45)	52.04	729.26	2036.32
6	Exceptional items	-	-	-	-	-
7	Profit / (Loss) before and after tax (5 ± 6)	6534.47	(5279.45)	52.04	729.26	2036.32

29 (viii) Carrying Value of Assets and Liabilities of Discontinuing Operations for the Year ended 31 March 2012 with Comparative Previous Year figures

	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
Total Assets					
31 March 2012	-	566.18	366.88	-	933.06
31 March 2011	40721.13	3209.28	710.29	14697.72	59338.42
Total Liabilities					
31 March 2012	-	802.38	45.60	-	847.98
31 March 2011	6800.32	818.89	165.41	7143.12	14927.74

(Rupees in lac)

29 (ix) Cash Flow of Discontinuing Operations for the Year ended 31 March 2012 with Comparative Previous Year figures.

	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
Cash flow from Operating Activity					
31 March 2012	8507.52	(1450.88)	(119.93)	(357.36)	6579.35
31 March 2011	7117.47	(447.28)	100.02	1250.91	8021.12
Cash flow from Investing Activity					
31 March 2012	30360.01	3080.01	137.98	4818.74	38396.74
31 March 2011	(235.95)	1733.67	(289.67)	(1108.40)	99.65
Cash flow from Financing Activity					
31 March 2012	(0.02)	-	-	-	(0.02)
31 March 2011	-	-	-	-	-

29 (x) The Government of India introduced Nutrient Based Subsidy Scheme (NBS) effective from 1 April 2010 for Phosphatic Fertilizers and as per this policy, the concession payable is fixed for the entire financial year with open Maximum Retail Price. Concession income has been recognised in the books of account based on the applicable guidelines under NBS for the current year till the date of disposal of the Phosphatics Business.

29 (xi) (a) Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts notified by the Central Government of India under Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 is as below:

Particulars	Year ended 31 March 2012*	Year ended 31 March 2011
Contract revenue recognized as revenue in the year	18165.95	24008.89
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	-	39370.33
Advances received	-	4284.64
The amount of retention due from customers for contracts in progress	-	2137.97
Gross amount due from customers for contracts in progress	-	-

*Refer Note 29 (ii).

(b) Research and Development expenses incurred on revenue account is Rs.Nil (Previous year Rs. 123.94 lac)

Note 30 **Going Concern**

In spite of erosion of net-worth and discontinuation of certain operations as referred in Note 29, the financial statements of the Company have been prepared on a going concern basis, in view of the following:

30(i) The Company recommenced the manufacturing operations of Urea, being its core business, from 9 October 2010 and produced 297650 MT of Urea for the year 2010-11. The Company has also continuously operated its Urea plant at 100% reassessed capacity level and achieved a production of 620407 MT for the current year, which has resulted in significant improvement in the profitability. Considering the Supply Agreement dated 24 April 2010 with Indian Oil Corporation Limited (IOCL) for the supply of raw materials, the Company is confident of sustaining the present level of Urea operations in future.

- 30(ii) The revised rework package approved under Corporate Debt Restructuring (CDR) mechanism, as referred in Note 5 (v) envisages bringing down the debts and consequently improving the net-worth.
- 30(iii) The Company has discontinued certain business operations with an objective to monetize the underlying assets of such business units as referred in Note 29 and the proceeds alongwith internal accruals were utilized for repayment of dues to ARCIL and other secured lenders, which has resulted in substantial reduction of debt level.
- 30(iv) The Company has filed a Scheme of Arrangement with certain creditors under section 391 of the Companies Act, 1956 on 14 December 2011 before the Hon'ble Madras High Court and pursuant to the directions of the Hon'ble Court, the meeting of the creditors of the Company was held on 24 February 2012 at Chennai. The Scheme was approved by the requisite majority and thereafter the Company has filed a Company Petition before the Hon'ble Madras High Court for the sanction of the Scheme which is pending.

Note 31 Commitments

(a) Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 362.90 lac (Previous year Rs. 84.50 lac).

(b) Confirmed sales commitments to be fulfilled within one year as on 31 March 2012 is Rs.1800 lac (Previous year Nil).

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) The Phosphate Chemical Export Association Inc. USA (Phoschem) filed a suit before the Hon'ble Madras High Court for recovery of US\$11.52 million (INR equivalent 5893.23 lac) during March 2006 towards supply of raw material to the Company. The court passed an interim decree in favour of Phoschem for US\$8.76 million (INR equivalent 3911.34 lac) on 5 March 2007 against which the Company filed a Review Petition on 21 March 2007 on the ground that the Hon'ble High Court has not considered the realization of US\$6.31 million by Phoschem from the Insurance company. The Review Petition is still pending before the Hon'ble High Court. The Company had already made a provision of Rs.4436.48 lac (Previous year Rs. 3872.20 lac) towards this claim and the balance claim not acknowledged by the Company is Rs.1414.11 lac (Previous year Rs. 1234.25 lac). This claim is restated at the exchange rate as on the Balance Sheet date.

(iii) Groupe Chimique Tunisian SA (GCT) initiated arbitration proceedings against the Company for non payment of US\$ 15.02 million together with interest towards supply of Phosphoric Acid in the earlier years against which the Arbitral Tribunal passed an award on 9 September 2009 directing the Company to pay a sum of Rs.7300 lac to GCT towards principal and Rs.2500 lac towards interest. The Company filed a petition before the Hon'ble Madras High Court on 7 December 2009 for setting aside the award and the Court ordered notice to GCT on 23 December 2009. The matter is pending before the Hon'ble Madras High Court. As the Company had already made a provision of Rs.7522.26 lac (Previous year Rs.6565.52 lac), the remaining claim not acknowledged by the Company on this account is Rs.2277.74 lac (Previous year Rs.3234.48 lac).

(iv) 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 along with other beneficiaries has been enjoying this facility since inception of the 20 MGD Scheme for the last 36 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims made by TWAD for Rs.726.52 lac (Previous year Rs.692.79 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2012 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.

(v) The Superintending Engineer, Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO), Cuddalore, vide letter dated 19 April 2012 has claimed Rs. 155.48 lac towards outstanding dues relating to the Pen-G unit of the Pharmaceutical Division at Cuddalore. The Company is in the process of ascertaining the basis of the above claim from the authorities concerned for taking appropriate action.

(vi) Other claims against the Company, which are being disputed/challenged before the Courts - Rs.4304.95 lac (Previous year Rs. 4155.82 lac).

In respect of the above claims, the Company is of the view that there are reasonable chances of successful outcome of the Appeals / Petitions filed before the Hon'ble Madras High Court/Government Authorities and accordingly no further provision is considered necessary.

(b) Guarantees/Security given to Banks/Financial Institutions on behalf of other companies Rs.4500 lac (Previous year Rs.4500 lac)

(c) Other Bank Guarantees outstanding Rs.781.78 lac (Previous year Rs. 781.78 lac)

- (d) Cumulative amount of Preference Dividend and Dividend Tax thereon not provided for the period from 1 April 2001 to 31 March 2012 is Rs.2288.09 lac (Previous year Rs. 2112.30 lac)
- (e) No provision has been considered necessary by the Management for the following disputed Income tax, Excise duty, Service tax, Sales Tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in lac)	Forum where pending
<u>Direct Taxes</u>				
Income Tax Act, 1961	Income Tax	1996-97 to 2000-01	- (2592.46)	Hon'ble Madras High Court
<u>Indirect Taxes</u>				
Central Excise Act, 1944	Excise duty	1998-99 to 2007-08	391.46 (391.46)	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2003-04 to 2004-05, 2008-09 and 2011-12	140.55 (124.23)	Commissioner of Central Excise (Appeals) /Hon'ble Madras High Court
Sales Tax Act under various State enactments	Local Sales Tax	1996-97 to 2007-08	804.24 (156.39)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	1998-99 and 1999-00	- (75.25)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Tamilnadu Electricity (Taxation on Consumption) Act, 1962	Electricity Tax	1985-86 to 1993-94	1050.54 (1050.54)	Division Bench of the Hon'ble Madras High Court
Employees State Insurance Act *	ESI dues	1977 to 2003	11061.40 (11031.98)	ESI Court / Hon'ble Madras High Court
TOTAL			13448.19 (15422.31)	

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

Out of the above demand of Rs.13448.19 lac (Previous year Rs.15422.31 lac), an amount of Rs.864.92 lac (Previous year Rs.3488.11 lac) has been deposited under protest/adjusted by relevant authorities.

- (f) Certain unsecured creditors have filed winding up petitions in the earlier years which are being defended by the Company before the Hon'ble Madras High Court.

Note 33 Disclosure as per Accounting Standard 15 (Revised)

Disclosures required under this standard are given below:

(Rupees in lac)

a) Movement of Gratuity

Particulars	2011-12	2010-11
Projected Benefit Obligation as of 1 April 2011	1722.27	1496.13
Service cost	156.00	218.38
Interest cost	122.86	110.47
Actuarial Loss	47.37	132.10
Settlement Cost	(186.07)	-
Benefits paid	(380.48)	(234.81)
Projected Benefit Obligation as of 31 March 2012	1481.95	1722.27
Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	1481.95	1722.27
Fair value of plan assets at the end of the year	992.06	1277.27
Liability recognised in the Balance Sheet	489.89	445.00

Particulars	2011-12	2010-11
Cost of defined plan for the year		
Current service cost	155.99	218.40
Interest on obligation	122.86	110.47
Expected return on plan assets	(110.69)	(109.54)
Net actuarial loss recognized in the year	660.22	364.34
Settlement – Transfer out	(186.08)	-
Net cost recognized in the Statement of Profit and Loss	642.30	583.67

Particulars	2011-12	2010-11
Fair value of plan assets at the beginning	1277.27	1339.71
Expected return on plan assets assuming that movements occur in mid year	110.69	109.54
Contribution	597.42	295.08
Benefits paid (claim settled)	(380.48)	(234.81)
Actuarial gain/(loss) on plan assets	(612.84)	(232.25)
Fair value of plan assets at the end of the financial year	992.06	1277.27

b) Mean Financial Assumptions

Particulars	2011-12	2010-11
Discount Rate	8%	8%
Salary escalation rate	7.5%	6%
Demographic assumptions – Mortality	LIC 94-96 rates	LIC 94-96 rates
Demographic assumptions – Withdrawal	3%	3%

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of relevant information from the actuary, the above details do not include the composition of plan assets.

The details of the experience adjustment arising on account of planned assets and liabilities as required by para 120(n)(ii) of AS15 (Revised) on employee benefits are not available in the valuation report and hence are not furnished.

(Rupees in lac)

Note 34 (i) Expenditure in Foreign Currency

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Royalty	50.01	44.68
Knowhow	-	2.98
Professional & Consultancy Fees	303.54	28.67
Finance and Other Charges	414.09	210.77
Travelling	20.73	7.44
Other matters	9.63	-

Note 34 (ii) Earnings in Foreign Currency

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Export on FOB basis	1036.97	5529.75
Other income	30.92	82.41

Note 34 (iii) Value of Imports calculated on CIF Basis

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Raw Materials (C&F)	29317.48	21504.80
Fuel Oil (C&F)	22547.67	-
Components & Spare Parts	98.32	42.16
Capital Goods	-	889.67

Note 34 (iv) Details of consumption of imported & indigenous items

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Raw Materials	Components & Spare parts	Raw Materials	Components & Spare parts
Imported	29254.52	94.60	21320.11	104.67
Indigenous	159990.14	901.19	70949.79	759.84

(Rupees in lac)

Note 35 The details relating to the amounts due to Micro, Small and Medium enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as identified by the Management and relied upon by the auditors are given below.

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	52.44	53.64
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	13.21	13.48
(iii) The amount of interest paid alongwith 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.	13.21	13.48
(vi) The amount of further interest due and payable even in the succeeding year, until such date when interest dues as above are actually paid.	-	-

Due 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.

Note 36 The Company has reviewed its deferred tax assets and liabilities as at 31 March 2012. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs.28458.84 lac (Previous Year Rs. 54217.29 lac). However in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, the said deferred tax asset that can be recognized is restricted to the net deferred tax liability of Rs.12991.45 lac (Previous Year Rs. 9138.35 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2012 to be accounted for.

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Depreciation	2048.33	-
Subsidy	12266.44	13426.50
Deferred tax liability	14314.77	13426.50
Depreciation	-	1990.03
Provision for doubtful debts	1017.21	2298.12
VRS Compensation	306.11	-
Carry forward business losses and unabsorbed depreciation restricted to	12991.45	9138.35
Deferred tax asset	14314.77	13426.50

Note 37 There is no provision for tax in view of the carried forward losses / unabsorbed depreciation relating to earlier years available for set off while computing income both under provisions of section 115-JB and those other than section 115-JB of the Income Tax Act, 1961.

Note 38 SEGMENT REPORTING

(Rupees in lac)

Primary segment information (Business segments)

Particulars	Continuing		Discontinuing				Total
	Agro Inputs (Urea operations)	Others (Agribusiness)	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	SMO	Others (Enzymes)	
Segment revenue							
Sales to external Customers	241347.06 (95874.37)	1494.88 (1220.85)	66784.63 (48973.85)	987.02 (1226.02)	18165.95 (24637.53)	464.14 (969.79)	329243.68 (172902.41)
Operating Income	945.57 (162.42)	26.02 (14.85)	423.92 (911.00)	200.13 (302.77)	1.85 (-)	4.60 (1.71)	1602.09 (1392.75)
Other Income	35.61 (27.41)	- (-)	159.17 (266.00)	- (10.77)	68.08 (191.26)	- (-)	262.86 (495.44)
Unallocated income							1161.40 (994.47)
Inter segment Revenue	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Revenue	242328.24 (96064.20)	1520.90 (1235.70)	67367.72 (50150.85)	1187.15 (1539.56)	18235.88 (24828.79)	468.74 (971.50)	332270.03 (175785.07)
Elimination of inter segment sales	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Net Revenue	242328.24 (96064.20)	1520.90 (1235.70)	67367.72 (50150.85)	1187.15 (1539.56)	18235.88 (24828.79)	468.74 (971.50)	332270.03 (175785.07)
Segment results	13673.08 (-1320.85)	(23.62) (28.56)	4958.23 (6540.65)	(997.45) (-5279.45)	(1636.94) (818.61)	(237.92) (52.04)	15735.38 (839.56)
Unallocated expenditure net of unallocated income							5749.43 (-10056.76)
Profit / (Loss) before interest and taxation							9985.95 (10896.32)
Finance Cost							8024.28 (2697.96)
Profit / (Loss) before taxation							1961.67 (8198.36)
Tax relating to earlier years							2592.46 (-)
Profit / (Loss) after Taxation							(630.79) (8198.36)

Note 38 SEGMENT REPORTING (contd.)

(Rupees in lac)

Particulars	Continuing		Discontinuing				Total
	Agro Inputs (Urea operations)	Others (Agribusiness)	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	SMO	Others (Enzymes)	
Other Information							
Segment assets	58521.35 (64050.29)	1162.55 (2174.26)	- (40721.13)	566.18 (3209.28)	- (14697.72)	366.88 (710.29)	60616.96 (125562.97)
Unallocated corporate Assets							19493.45 (29960.76)
Total Assets							80110.41 (155523.73)
Segment liabilities	27108.78 (48845.62)	227.98 (91.27)	- (6800.32)	802.38 (818.90)	- (7143.12)	45.60 (165.41)	28184.74 (63864.64)
Unallocated corporate Liabilities							155166.24 (194268.87)
Total Liabilities							183350.98 (258133.51)
Capital expenditure (allocable)	374.13 (203.64)	5.96 (9.80)	182.42 (232.85)	1.47 (160.48)	843.49 (1296.09)	4.37 (39.01)	1411.84 (1941.87)
Capital expenditure (Unallocable)							82.89 (47.06)
Depreciation (allocable)	4253.81 (4165.51)	55.85 (62.55)	955.11 (1880.34)	640.76 (2453.06)	61.11 (88.24)	17.66 (16.64)	5984.30 (8666.34)
Depreciation (Unallocable)							136.83 (228.56)
Non-cash expenditure other than depreciation (allocable)	(11.78) (1.93)	- (-)	859.49 (45.86)	136.05 (1231.06)	- (1.85)	29.19 (0.47)	1012.95 (1281.17)
Non-cash expenditure other than depreciation (unallocable)							3031.05 (24.94)

Secondary segment Information (Geographical Segments)	Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	330071.66 (169260.85)	60616.96 (125549.52)	1411.84 (1941.87)
Outside India	1036.97 (5529.75)	- (-)	- (-)
Total	331108.63 (174790.60)	60616.96 (125549.52)	1411.84 (1941.87)

Note 38 SEGMENT REPORTING (contd.)
NOTES
(a) Business segments

The business segment has been considered as the primary segment for disclosure. The products included in each of the business segments are as follows:

Continuing

- (i) Agro inputs - Urea Operations
- (ii) Others - Tissue culture and Seeds

Discontinuing

- (i) Agro inputs - Phosphatic Operations
- (ii) Bulk drugs and formulations - includes Penicillin - G and formulations
- (iii) SMO - Maintenance Contracts
- (iv) Others - Enzymes

Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenditure net of unallocated income."

Unallocated corporate assets and unallocated corporate liabilities include the assets and liabilities which are not directly attributable to segments.

(b) Geographical segments

The geographical segments considered for disclosure are as follows:

- Sales within India include Sales to customers located within India
- Sales outside India include sales to customers located outside India.

Note 39 (i) Related party disclosures under Accounting Standard - 18

The list of related parties as identified by the management are as under:

Nature	Parties
Subsidiaries	1 SPIC Fertilizers and Chemicals Limited, Mauritius
	2 SPIC Fertilizers and Chemicals FZE, Dubai
	3 SPEL Semiconductor Limited
	4 SPEL America Inc., USA
Associates	1 Tuticorin Alkali Chemicals and Fertilisers Limited
	2 Gold Nest Trading Company Limited
Joint Ventures	1 Tamilnadu Petroproducts Limited
	2 National Aromatics and Petrochemicals Corporation Limited
Key management personnel of the Company	1 Dr. A C Muthiah (upto 16 November 2011)
	2 Thiru Ashwin C Muthiah
	3 Thiru K K Rajagopalan
Relatives of Key Management Personnel of the Company (with whom there were transactions during the year)	1 Dr. A C Muthiah
	2 Thirumathi Devaki Muthiah
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

(Rupees in lac)

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

S.NO	PARTICULARS	RELATIONSHIP	As at 31 March 2012	As at 31 March 2011
A	BALANCE OUTSTANDING AS AT 31.03.2012			
	(a) Receivables including Advances			
	SPEL Semiconductor Limited	Subsidiary	-	3.67
	SPIC Fertilizers and Chemicals FZE, Dubai*	Subsidiary	1053.47	1053.47
	SPIC Fertilizers and Chemicals Limited, Mauritius*	Subsidiary	1.93	1.93
	Tamilnadu Petroproducts Limited	Joint Venture	1.20	53.62
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	1256.59	1384.76
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	8.86	-
	National Aromatics and Petrochemicals Corporation Limited*	Joint Venture	1474.80	1471.45
	Thirumathi Devaki Muthiah	Relative of Key Management Personnel	3.75	3.75
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	6.17
	(b) Payables			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	1799.99	-
	SPEL Semiconductor Limited	Subsidiary	0.62	1.78
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.50	-
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	101.69	-
	Orchard Microsystems Limited	Subsidiary	-	70.00
	SPIC Fertilizers and Chemicals Limited, Mauritius	Subsidiary	0.82	0.82
	Tamilnadu Petroproducts Limited	Joint Venture	-	0.25
	Dr. A C Muthiah	Key Management Personnel	-	15.00
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	5449.27
	(c) Advance against equity			
	SPIC Fertilizers and Chemicals FZE, Dubai*	Subsidiary	1038.37	1038.37
	(d) Guarantee Received			
	SPEL Semiconductor Limited	Subsidiary	-	520.00
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	2500.00	1500.00

* Dues have been fully provided for

Note 39 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011-12	For the year 2010-11
B	TRANSACTIONS DURING THE YEAR 2011 - 12			
1	Sale of goods			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	562.47	190.38
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	135.58	-
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	3618.58
2	Purchase/Loan of materials			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	1.31	174.57
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	1.33	1.08
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	19.32	-
	Tamilnadu Petroproducts Limited	Joint Venture	-	2.50
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	29155.12	21489.79
3	Reimbursement of Expenses (Receipts)			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.09	-
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.87	-
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	27.07	37.91
	EDAC Engineering Limited	Associate	-	18.20
	Tamilnadu Petroproducts Limited	Joint Venture	26.35	27.59
	SPEL Semiconductor Limited	Subsidiary	-	0.08
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	3.35	2.69
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	0.35	-
4.	Reimbursement of Expenses (Payments)			
	SPEL Semiconductor Limited	Subsidiary	2.33	-
5	Income from services rendered			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.40	0.50
	Tamilnadu Petroproducts Limited	Joint Venture	0.39	46.87
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	211.60	129.01
	EDAC Engineering Limited	Associate	-	1.66
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	451.62	-
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.16	-
	SPEL Semiconductor Limited	Subsidiary	0.16	1.55
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	0.47

Note 39 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011-12	For the year 2010-11
6	Services/Consultancy charges			
	SPEL Semiconductor Limited	Subsidiary	-	0.03
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	0.10	22.06
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	82.23	31.36
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	442.34	-
	EDAC Engineering Limited	Associate	-	1.55
7	Sale of Business Unit			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	30600.00	-
8	Sale of Fixed Assets			
	SPEL Semiconductor Limited	Subsidiary	-	1.93
9	Income from Rentals			
	EDAC Engineering Limited	Associate	-	34.98
	Tamilnadu Petroproducts Limited	Joint Venture	1.61	1.77
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	18.97	-
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.90	-
10	Dividend Income			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	57.31	247.00
	Tamilnadu Petroproducts Limited	Joint Venture	152.34	76.17
11	Provision for doubtful advances			
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	3.35	2.69
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	8.82	-
12	Provision for diminution in the value of investment			
	SPEL Semiconductor Limited	Subsidiary	539.47	-
13	Finance and Other Charges			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	14.40	-
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	304.16	210.77
14	Profit on Phosphatic operations transferred			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	1118.02	-
15	Managerial Remuneration			
	Dr. A C Muthiah	Key Management Personnel	32.88	52.49
	Thiru. K K Rajagopalan	Key Management Personnel	12.39	-

Note 39 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011-12	For the year 2010-11
16	Rent Paid			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	92.39	-
	Thirumathi Devaki Muthiah	Relative of Key Management Personnel	3.77	6.00
17	Sitting Fees			
	Thiru. Ashwin C Muthiah	Key Management Personnel	1.00	0.80
18	Trade advance received/returned			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	7800.00	-
19	Trade advance repaid/returned			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	6000.00	-

Note 40 Interest in joint ventures

The Company has interests in the following jointly controlled entities:

Name of companies and country of incorporation	% of shareholding	Amount of interest based on accounts for the year ended 31 March 2012					
		Assets	Liabilities	Income	Expenditure	Contingent liabilities	Capital commitments
Tamilnadu Petroproducts Limited, India	16.93	13915.33	6772.36	22600.04	22553.30	602.05	10.73
	(16.93)	(13369.99)	(6261.84)	(18544.75)	(18214.67)	(525.57)	(26.83)
National Aromatics and Petrochemicals Corporation Limited, India	50.00	1891.71	455.76	Nil	Nil	Nil	Nil
	(50.00)	(1883.47)	(447.52)	(Nil)	(Nil)	(Nil)	(Nil)

Note 41 Earnings per share

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(i) Continuing Operations		
Face Value per share (in Rupees)	10	10
Profit / (Loss) for the year (Rupees in lac)	(2680.88)	6162.04
Less: Arrears of Preference Dividend (Refer Note 32(d))	175.79	176.37
Profit / (Loss) for the year after preference dividend (Rupees in lac)	(2856.67)	5985.67
Basic		
Weighted Average Number of shares outstanding	166278374	145715681
Earnings/(Loss) per share (in Rupees)	(1.72)	4.11
Diluted		
Weighted Average Number of shares outstanding	166291005	145715681
Earnings/(Loss) per share (in Rupees)	(1.72)	4.11
(ii) Total Operations		
Face Value per share (in Rupees)	10	10
Profit / (Loss) for the year (Rupees in lac)	(630.79)	8198.36
Less: Arrears of Preference Dividend (Refer Note 32(d))	175.79	176.37
Profit / (Loss) for the year after preference dividend (Rupees in lac)	(806.58)	8021.99
Basic		
Weighted Average Number of shares outstanding	166278374	145715681
Earnings/(Loss) per share (in Rupees)	(0.49)	5.51
Diluted		
Weighted Average Number of shares outstanding	166291005	145715681
Earnings/(Loss) per share (in Rupees)	(0.49)	5.51

Note 42

- Previous year figures have been regrouped / recast, wherever necessary, to conform to the classification of the current period and revised Schedule VI of the Companies Act, 1956.
- Assets and Liabilities in the Balance Sheet include figures both for Continuing and Discontinuing Operations.
- The Provision for doubtful trade and other receivables, loans and advances, provision for non-moving inventories and earlier provision writeback pertains to both Continuing and Discontinuing operations. These are appropriately shown in the Statement of Profit and Loss under Continuing operations and Discontinuing operations. The Balance Sheet contains provision figures both for Continuing and Discontinuing operations in total.
- Previous year figures are given in brackets.

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

a. Name of Subsidiary Company	SPEL Semiconductor Limited	SPEL America Inc., (Subsidiary of SPEL Semiconductor Limited)	SPIC Fertilizers and Chemicals Limited(SFCL) Mauritius
b. Financial year of the Subsidiary Company ended on	31 March 2012	31 March 2012	31 March 2012
c. Holding Company's Interest: (i) No. of Equity Shares Face Value Paid up Value (ii) Extent of Holding	25811207 Rs. 10 Rs. 258112070 55.97 per cent	10 USD 10 USD 100 55.97 per cent	32640000 One USD USD 32640000 83.54 percent
d. Net aggregate amount of Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts: (i) for subsidiary's financial year (ii) for its previous financial years	Rs. 3186800 Rs. 136025738	(USD 2597) (USD 1527)	NIL (USD 32714490)
e. Net aggregate amount of subsidiary's profits/(losses) dealt with in the Holding Company's accounts: (i) for subsidiary's financial year (ii) for its previous financial years	NIL NIL	NIL NIL	NIL NIL
f. Changes in the interest of the Holding Company between the end of the Subsidiary's financial year ended and 31 March 2012 (i) Holding Company's interest as on 31 March 2012 Number of Equity Shares Face Value Paid up value (ii) Extent of Shareholding	Not Applicable	Not Applicable	Not Applicable
g. Material changes between the end of the Subsidiary's financial year ended and 31 March 2012 in respect of : (i) Subsidiary's Fixed Assets (ii) Subsidiary's Investments (iii) Monies lent by subsidiary (iv) Monies borrowed by the subsidiary, other than for meeting current liabilities	Not Applicable Not Applicable Not Applicable Not Applicable	Not Applicable Not Applicable Not Applicable Not Applicable	Not Applicable Not Applicable Not Applicable Not Applicable

- 1 SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL) (a wholly owned subsidiary of the Company) holds 1 equity share of One Million Arab Emirate Dinar each in SPIC Fertilizers and Chemicals FZE, Dubai (SFC, FZE). Hence the combined share of the Company and its subsidiary in SFC FZE Dubai is 83.54%. As assets of SFC, FZE Dubai were taken over by Jebel Ali Free Zone Authorities (JAFZA), Dubai SFCL, Mauritius ceased to have control over its subsidiary SFC, FZE. Hence the details of SFC, FZE Dubai is not given in the above statement.
- 2 As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals (SFC, FZE), Dubai, the holding company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. Hence the financial statements of the subsidiary company SFCL Mauritius have not been considered for consolidation

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-Time Director

N RAJEEVA PRAKASH
Secretary

Place : Chennai

Date : 30 May 2012

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED

- 1) We have audited the attached Consolidated Balance Sheet of **SOUTHERN PETROCHEMICAL INDUSTRIES CORPORATION LIMITED** ("the Company") its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31 March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
- (2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- (3) Without qualifying our opinion, we draw attention to Note No. 32 in the financial statements which indicate that in spite of erosion of net-worth and discontinuation of certain operations the financial statements have been prepared on a going concern basis for the reasons stated in the said note.
- (4) (a) We did not audit the financial statements of a subsidiary and a joint venture whose financial statements reflect total assets of Rs. 17694.70 lac as at 31 March 2012, total revenues of Rs. 8065.01 lac and cash outflows amounting to Rs. 101.20 lac for the year ended on that date, certain associates whose financial statements include the Group's share of loss of Rs. Nil for the year ended 31 March 2012 and the Group's share of loss of Rs. Nil upto 31 March 2012, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.
- (b) The financial statements of a subsidiary whose financial statements reflect total assets of Rs. Nil lac as at 31 March 2011 as considered in the Consolidated Financial Statements are based on management accounts and are not audited by their auditors. As referred to in Note 1(i)(b), the financial statements of this subsidiary for the year ended 31 March 2012, is not available and hence have not been consolidated for the said period.
- (c) The financial statements of the subsidiaries and joint venture of a joint venture, whose financial statements reflect total assets of Rs. 638.93 lac as at 31 March 2012, total revenues of Rs. 235.83 lac and cash flows amounting to Rs. 79.06 lac for the year ended on that date, and the financial statements of one associate of the said joint venture whose financial statements include the Group's share of loss of Rs. 50.96 lac for the year ended 31 March 2012 and the Group's share of profits (net) of Rs. 29.12 lac upto 31 March 2012, as considered in the Consolidated Financial Statements are unaudited and we have relied upon the financial statements as provided by the management of those Companies.
- (5) We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006, except for the matter referred to in paragraph 4(b) above.
- (6) Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries, joint ventures and associates referred to in paragraph 4(a) above and to the best of our information and according to the explanations given to us, read with our comments in paragraph 3 above and subject to the matters referred to in paragraphs 4(b) and 4(c) above, the consequential effects thereof which are not quantifiable, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Registration No.008072S)

Geetha Suryanarayanan

Partner

(Membership No. 29519)

Consolidated Balance Sheet as at 31 March 2012

(Rupees in lac)

Particulars		Note No.	As at 31 March 2012	As at 31 March 2011
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	3	17877.84	17877.84
	(b) Reserves and surplus	4	(113540.76)	(113294.48)
			(95662.92)	(95416.64)
2	Share application money pending allotment	3(v)	1686.59	1614.88
3	Minority Interest		4325.35	4233.27
4	Non-current liabilities			
	(a) Long-term borrowings	5	92871.08	109809.20
	(b) Deferred tax liabilities (net)	6	2305.52	2342.42
	(c) Other long-term liabilities	7	1611.35	1466.99
	(d) Long-term provisions	8	581.22	626.34
			97369.17	114244.95
5	Current liabilities			
	(a) Short-term borrowings	9	3083.95	2198.65
	(b) Trade payables	10	30084.15	58296.75
	(c) Other current liabilities	11	65197.27	93943.41
	(d) Short-term provisions	12	1400.35	2425.69
			99765.72	156864.50
	TOTAL		107483.91	181540.96
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	13		
	(i) Tangible assets		63091.15	98993.67
	(ii) Intangible assets		35.91	43.32
	(iii) Capital work-in-progress		2064.12	3439.00
	(iv) Intangible assets under development		429.47	429.47
	(v) Fixed assets held for transfer	13.a	-	359.58
	(vi) Expenditure during construction period pending allocation	14	913.86	782.70
	(b) Non-current investments	15	305.47	1159.15
	(c) Long-term loans and advances	16	4213.62	12883.89
	(d) Other non-current assets	17	-	2137.97
			71053.60	120228.75
2	Current assets			
	(a) Current investments	18	-	74.99
	(b) Inventories	19	12655.99	20072.63
	(c) Trade receivables	20	3253.71	10480.92
	(d) Cash and cash equivalents	21	3209.79	11651.72
	(e) Short-term loans and advances	22	16847.78	18484.88
	(f) Other current assets	23	463.04	547.07
			36430.31	61312.21
	TOTAL		107483.91	181540.96
See accompanying notes forming part of the financial statements				

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

GEETHA SURYANARAYANAN
Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

Consolidated Statement of Profit and Loss for the year ended 31 March 2012

(Rupees in lac)

Particulars	Note No.	Year ended 31 March 2012	Year ended 31 March 2011
A. CONTINUING OPERATIONS:			
1. Revenue from operations (gross)	24	276423.09	135471.87
Less: Excise duty		2417.98	1849.54
Revenue from operations (net)		274005.11	133622.33
2. Other income	25	1515.65	1655.13
3. Total revenue (1+2)		275520.76	135277.46
4. Expenses			
(a) Cost of materials consumed	26.a	154887.01	75437.14
(b) Purchases of stock-in-trade	26.b	2119.57	1524.90
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26.c	761.23	(1178.84)
(d) Employee benefits expense	27	6102.21	6368.05
(e) Finance costs	28	8764.16	3249.15
(f) Depreciation and amortisation expense	13(ii)	6015.38	7019.83
(g) Other expenses	29	98843.06	47565.28
Total expenses		277492.62	139985.51
5. Loss before exceptional items and tax (3-4)		(1971.86)	(4708.05)
6. Exceptional items	30	2401.47	(63779.26)
7. Profit / (Loss) before tax (5+6)		429.61	(68487.31)
8. Tax expense			
(a) Current tax expense for current year		84.11	357.18
(b) (Less): MAT credit		(17.52)	(59.35)
(c) Overseas Tax		-	(0.03)
(d) Current tax expense relating to prior years		2592.46	-
(e) Deferred Tax		(36.74)	21.95
(f) Total Tax expense for the year		2622.31	319.75
9. Loss from continuing operations after Tax (7-8)		(2192.70)	(68807.06)
B. DISCONTINUING OPERATIONS:			
10.i Profit from discontinuing operations before tax and exceptional items		1624.68	2036.32
10.ii Exceptional items		(663.82)	-
10.iii Profit from discontinuing operations before tax (10.i+10.ii)		960.86	2036.32
10.iv Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations (Net)		1089.23	-
10.v. Tax expense of discontinuing operations		-	-
11. Profit from discontinuing operations after tax (10.iii+10.iv-10.v)		2050.09	2036.32
12. Loss for the year after Tax (9+11)		(142.61)	(66770.74)
13. Share of Profit/(Loss) of Associates (Net)		(50.99)	1084.72
14. Loss before Minority Interest (12+13)		(193.60)	(65686.02)
15. Profit/(Loss) applicable to Minority Interest		23.92	(3091.53)
16. Net Loss for the year (14-15)		(217.52)	(62594.49)
Earnings per share of Rs. 10/- each before and after extraordinary items	43		
(a) Basic			
(i) Continuing operations		(1.47)	(44.48)
(ii) Total operations		(0.24)	(43.08)
(b) Diluted			
(i) Continuing operations		(1.47)	(44.48)
(ii) Total operations		(0.24)	(43.08)
See accompanying notes forming part of the financial statements			

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

GEETHA SURYANARAYANAN
Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Rupees in lac)

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(Loss) for the year before exceptional item and tax				
- Continuing Operations	(1971.86)		(4708.05)	
- Discontinuing Operations	1624.68	(347.18)	2036.32	(2671.73)
Add : Exceptional item				
Excess Liability written back		2255.08		-
Profit on Sale of Investment		562.89		13215.69
Loss on sale of Business Unit (SMO)		(1745.56)		-
Profit on sale of Business Unit (Phosphatics)		2166.28		-
Profit /(Loss) on Sale of Fixed Assets (Net)		252.01		(3463.19)
VRS Compensation		(1179.31)		-
Investments written off		-		(17542.13)
Adjustment arising on de-recognition of a Subsidiary		-		(55989.63)
Reversal / (Provision) relating to Asset Impairment (net)		515.49		-
Profit/(Loss) for the year before tax and after exceptional item		2479.70		(66450.99)
Adjustment for :				
Depreciation	7690.02		11458.11	
Investments written off	-		17542.13	
Exchange difference	6293.55		(327.34)	
(Profit) / Loss on sale /retirement of assets (Net)	227.94		4725.71	
Profit on sale of Business Undertakings (Net)	(420.72)		-	
(Reversal)/Provision relating to Asset Impairment (Net)	(515.49)		920.02	
Profit on sale of Investments	(609.03)		(13198.69)	
Adjustment arising on de-recognition of a Subsidiary	-		55989.63	
Excess liability written back	(2255.08)		-	
Provision for non-moving inventories	462.80		260.32	
Provision for doubtful debts and advances	2809.22		119.22	
Unclaimed Credit balances written back	(516.90)		(165.70)	
Provisions no longer required written back	(96.58)		(136.93)	
Transfer from reserve	(6.50)		-	
Bad debts and advances written off	-		144.05	
Rental Income	(121.97)		(91.88)	
Interest and finance costs	8660.45		3317.77	
Income from investments	(63.96)		(323.96)	
Interest income	(290.08)		(424.55)	
		21247.67		79807.91
Operating profit before working capital changes		23727.37		13356.92
Adjustments for :				
(Increase)/Decrease in trade receivables	(8835.67)		(3330.22)	
(Increase)/Decrease in inventories	(5207.71)		(5587.95)	
(Increase)/Decrease in loans and advances	7765.87		(7758.41)	
Increase/(Decrease) in current liabilities & provisions	(11431.98)		2798.86	
		(17709.49)		(13877.72)
Cash (used in)/from operations		6017.88		(520.80)
Direct taxes (paid) / Refund Received		442.82		(330.94)
NET CASH USED IN OPERATING ACTIVITIES		6460.70		(851.74)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(3785.59)		(3957.13)	
Expenditure pending allocation	(131.17)		43.20	
Proceeds from sale of fixed assets	3750.29		9582.66	
Proceeds from issue of share capital to minority shareholders by a joint venture	131.00		176.10	
Proceeds from sale of Business undertakings	36195.79		-	
Income from investments	87.12		347.12	
Proceeds from sale of investments	1463.63		33297.81	
Rental Income	121.97		91.88	
Bank balance not considered as cash and cash equivalents	(374.00)		62.01	
Interest income	288.82		436.14	
		37747.86		40079.79
NET CASH FROM INVESTING ACTIVITIES		37747.86		40079.79

CONSOLIDATED CASH FLOW STATEMENT (contd.)

(Rupees in lac)

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
C CASH FLOW FROM FINANCING ACTIVITIES:		
Long term borrowings	(43812.39)	(47632.21)
Short term borrowings	(281.24)	572.49
Net increase / (decrease) in working capital borrowings	1117.87	-
Foreign Exchange Gain	(65.11)	(118.16)
Translation difference arising on consolidation	-	80.96
Dividends paid	-	(73.67)
Tax on Dividend	(24.71)	(12.94)
Paid to Investor Education and Protection Fund	(2.98)	(2.24)
Deposits paid	(2.70)	(6.27)
Interest and finance costs paid	(4453.98)	(924.37)
	(47525.24)	(48116.41)
NET CASH USED IN FINANCING ACTIVITIES	(47525.24)	(48116.41)
NET CASH FLOWS DURING THE YEAR / PERIOD (A+B+C)	(3316.68)	(8888.36)

Cash and cash equivalents (opening balance) *	5354.97	19004.78
Cash balance relating to discontinuing operations	362.17	4761.45
Cash and cash equivalents (closing balance) *	1676.12	5354.97
Disclosure of non cash transactions		
Unpaid Interest	4206.48	2391.74
Exchange (loss) / gain on restatement of FRN liability	2376.25	172.81
Conversion of Debt in to equity	-	2745.00
Take over of asset resulting in reduction of liability	3327.15	-

* Includes Rs. 2.44 lac (Previous year Rs. 3.24 lac) being the effect of exchange differences on restatement of foreign currency cash and cash equivalents

* Excludes Margin Money Deposit with Scheduled Banks Rs. 347.70 lac (Previous Year Rs. 2362.85 lac) and Escrow account balance of Rs. 0.45 lac (Previous Year Rs. 3121.41 lac).

* Excludes Rs. 1172.63 lac (Previous year Rs. 803.65 lac) being money in deposit accounts with original maturity of more than three months

* Excludes Rs. 15.33 lac (Previous year Rs. 12.08 lac) being money in unpaid dividend account

The cash flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

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

For and on behalf of the Board of Directors

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

ASHWIN C MUTHIAH
Chairman

T K ARUN
Director

M JAYASANKAR
Director

GEETHA SURYANARAYANAN
Partner

B NARENDRAN
Director

K K RAJAGOPALAN
Whole-time Director

N RAJEEVA PRAKASH
Secretary

Place: Chennai
Date : 30 May 2012

NOTES ON THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

Note 1 **BASIS OF CONSOLIDATION:**

The Consolidated Financial Statements comprise of financial statements of Southern Petrochemical Industries Corporation Limited (the Company), its subsidiary companies, joint ventures and associates (SPIC Group). These Consolidated Financial Statements have been prepared in accordance with AS-21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS-27 "Financial Reporting of Interests in Joint Ventures", notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006.

Consolidated financial statements are prepared using uniform accounting policies except as stated in 2 (v) of this Schedule, the adjustments arising out of the same are not considered material.

(i) The subsidiary companies considered in these consolidated financial statements are:

Name	Country of Incorporation	Percentage of ownership interest as at 31 March 2012	Percentage of ownership interest as at 31 March 2011
SPIC Fertilizers and Chemicals Limited (SFCL, Mauritius)	Mauritius	83.54	83.54
SPIC Fertilizers and Chemicals FZE (through a subsidiary Company – SFCL Mauritius)	Dubai	83.54	83.54
SPEL Semiconductor Limited	India	55.97	55.97
SPEL America, Inc., USA (through a subsidiary Company – SPEL Semiconductor Limited, India)	America	55.97	55.97
Orchard Microsystems Limited	India	-	100.00

- Orchard Microsystems Limited (Orchard) had opted for Easy Exit Scheme (EES) 2011 issued by Government of India, Ministry of Corporate Affairs dated 3 February 2011 and the name is struck off from the register with effect from 25 April 2011 as notified by Ministry of Corporate Affairs vide Notice u/s 560(5) dated 17.06.2011. Consequently it ceased to be a subsidiary of the Company with effect from 25 April 2011. In view of the same the financial statements were drawn from 1 April 2010 to 25 April 2011 and the resultant loss of Rs.155.57 lac has been included in consolidated statement of Profit and Loss for the year ended 31 March 2011.
- As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals FZE, Dubai, the holding Company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The Company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. Hence the financial statements of the subsidiary Company SFCL Mauritius have not been considered for consolidation for the year ended 31 March 2012. However the unaudited standalone financial statements of SFCL Mauritius as prepared by the Management was considered for consolidation for the year ended 31 March 2011.

(ii) **Interests in Joint Ventures:**

The Group's interests in jointly controlled entities are:

Name	Country of incorporation	Percentage of ownership interest as at 31 March 2012	Percentage of ownership interest as at 31 March 2011
Tamilnadu Petroproducts Limited	India	16.93	16.93
National Aromatics and Petrochemicals Corporation Limited	India	50.00	50.00

The financial statements of the Joint Ventures are drawn up to 31 March 2012

(iii) Investments in Associates:

The Group's associates are

Name	Country of incorporation	Percentage of Ownership interest as at 31 March 2012	Percentage of Ownership interest as at 31 March 2011
Tuticorin Alkali Chemicals and Fertilisers Limited	India	45.15	45.15
Gold Nest Trading Company Limited	India	32.76	32.76

- (iv) The financial statements of the associates other than Gold Nest Trading Company Limited were drawn up to 31 March 2012 while that of Gold Nest Trading Company Limited has been drawn up to 30 September 2011.
- (v) Investment in Tuticorin Alkali Chemicals and Fertilisers Limited, an associate Company in which the Company holds 45.15 % of its share capital, has not been accounted under "equity method" as required under Accounting Standard (AS) 23, since the carrying amount of investment as on 31 March 2012 is Nil. Accordingly, the goodwill arising on investment and the Company's share in the post-acquisition movements in the net assets of the associate Company have not been recognised in the consolidated financial statements.
- (vi) Investment in Gold Nest Trading Company Limited, an associate Company in which the Company holds 32.76 % of its share capital, has not been accounted under "equity method" as required under Accounting Standard (AS) 23, since the carrying amount of investment as on 31 March 2012 is Nil. Accordingly, the goodwill arising on investment and the Company's share in the post-acquisition movements in the net assets of the associate Company have not been recognised in the consolidated financial statements.
- (vii) Consistency in adoption of accounting policies among all group companies has been ensured to the extent practicable except in respect of depreciation rates adopted by a Joint Venture, Tamilnadu Petroproducts Limited, as stated in 2 (v) below.
- (viii) These consolidated financial statements are based, in so far as they relate to amounts included in respect of subsidiaries, joint ventures and associates, on the audited financial statements of each of the entities.
- (ix) The excess of cost to the holding Company of its investments in the subsidiaries and associates over the holding Company's portion of equity of the subsidiaries and associates is recognised in the financial statements as goodwill after considering the performance and business potential of those companies.
- (x) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments.
- (xi) Investments in associate companies have been accounted under the Equity Method as per Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements'. Under the Equity Method of accounting, the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the Investee. The consolidated statement of Profit and Loss reflects the investor's share of the results of the operations of the Investee.
- (xii) Investor's share in assets, liabilities, income and expenses as appearing in financial statements of the Joint Venture has been included, in accordance with Accounting Standard (AS) 27 Financial Reporting of Interests in Joint Ventures.

Note 2 **SIGNIFICANT ACCOUNTING POLICIES:**

i) **Basis of Accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 2006, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

For the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. Though adoption of revised schedule VI does not impact recognition and measurement principles followed, it has significant impact on presentation and disclosures made in the financial statements.

ii) **Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) **Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

iv) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

v) **Fixed Assets and Depreciation**

Fixed assets are stated at historical cost (net of CENVAT/VAT wherever applicable) less accumulated depreciation / amortisation. Cost comprises of direct cost, related taxes, duties, freight and attributable finance costs (Refer (xiii) below) till such assets are ready for its intended use. Capital work in progress is stated at the amount expended up to the Balance sheet date. Machinery spares used in connection with a particular item of fixed asset and the use of which is irregular, are capitalized at cost net of CENVAT / VAT, as applicable.

Certain assets have been revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 [Refer Note 13(iii)] and the resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

Depreciation on fixed assets (other than fixed assets relating to Pen-G unit) has been provided on Straight Line Method (SLM) in accordance with and in the manner prescribed in Schedule XIV of the Companies Act, 1956. In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.

Depreciation in respect of fixed assets relating to Pen-G unit is provided based on the useful lives as determined by the management at the following rates which are higher than the rates prescribed under Schedule XIV of the companies Act, 1956:

Class of Asset	Percentage of Depreciation
Buildings	3.34%
Plant & Machinery	5.28% for assets installed after 1 April 2004. For other assets, depreciation is charged at 50% and 33.33% based on the useful life of the assets
Furniture & Fixtures	33.33%
Office Equipments	33.33%
Computers	33.33%
Vehicles	9.50%
Technical Know-how	33.33%

Premium on Lease hold Land is amortized over the tenure of the lease. Individual assets costing less than Rs.5000 are depreciated in full in the year of acquisition.

In respect of Joint Venture Tamilnadu Petroproducts Ltd., depreciation is provided on a straight line basis at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956 except for Plant and Machinery used in the Epichlorohydrin Plant which is depreciated at 10%, assets provided to employees which are depreciated at 20% and certain specific assets whose useful life has been determined at 4.5 years.

Intangible assets are amortized over their estimated useful life of 3 years on straight line basis.

vi) **Impairment of Assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

vii) **Investments**

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investment includes acquisition charges such as brokerage, fees and duties.

viii) **Inventories**

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Contract in Progress representing work in Process on construction contracts reflects proportionate value of inputs and expenses on contracts yet to be billed.

(ix) Revenue Recognition

- (a) (i) Sales revenue is recognized at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax.
- (ii) Service revenue is recognised on completion of the service and becomes chargeable.
- (b) Nutrient Based Subsidy Scheme (NBS) has been implemented by Government of India for Phosphatic Fertilizers effective from 1 April 2010. Concession allowable under the above scheme (NBS) with respect to Phosphatic Fertilizers is recognized at the rates notified by the Government for the year 2011-12. Concession is recognized on the basis of the receipt of the Fertilizers at the warehouse/sale at the factory gate to dealers.

Under the New Pricing Scheme for Urea, the Government of India reimburses in the form of subsidy to the Fertilizer Industry, the difference between the cost of production and the selling price realised from the farmers, as fixed by the Government from time to time. This has been accounted on the basis of movement of Fertilizer from the factory and receipt of the same at the warehouse/dealer point, as per the procedure prescribed by the Government and not on the basis of ultimate sales. The said amount has been further adjusted for input price escalation/de-escalation as estimated by the management based on prescribed norms.

(c) Income on long-term contract

Income on long-term contracts is recognized on percentage completion method and measured by reference to the percentage of cost incurred up to the reporting date to the estimated total cost for each contract. Provision for anticipated losses on the long-term contracts is made as and when such loss is established.

(d) Dividend Income

Dividend Income is recognized, when the right to receive the payment is established.

(x) Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets & liabilities outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and the gain or loss, is recognized in the Statement of Profit and Loss.

Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Statement of Profit and Loss. Investments in Foreign currencies are reported using the exchange rate at the date of the transaction.

In respect of subsidiary SPEL Semiconductor Limited, premium or Discount on forward contracts is amortised over the life of such contracts and is recognised as income or expenses. Foreign currency contracts are stated at market value as at the year end. Cash Flow variability in the cash flow hedge exposure, that is attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction. The gain or loss on cash flow hedge will be recognised in the appropriate equity account.

(xi) Employee Benefits

a. Defined Contribution Plan

- i. Fixed contributions paid/payable to (i) the Superannuation Fund pertaining to Officers and Executives which is administered by the Company nominated trustees and being managed by Life Insurance Corporation of India, (ii) the Superannuation Fund pertaining to staff members which is administered by Company nominated trustees and (iii) the Employee State Insurance Corporation (ESIC) are charged to the Statement of Profit and Loss.

Company also contributes to a Government administered Pension Fund on behalf of its employees, which are charged to the Statement of Profit and Loss.

- ii. Fixed Contributions made to the Provident Fund managed by the Regional Provident Fund Commissioner are charged to Statement of Profit and Loss.
- iii. With respect to Joint Venture viz. Tamilnadu Petroproducts Limited (TPL), contributions are made monthly at a predetermined rate to the Provident Fund Trust managed by TPL and debited to the statement of profit and loss on an accrual basis. The interest rate payable by the trust to the beneficiaries is as notified by the Government. TPL has an obligation to make good the shortfall, if any, between the return from the investment of the trust and the notified interest rates and recognizes such shortfall as an expense.

b. Defined Benefit Plan

The liability for Gratuity to employees, as at the Balance Sheet date determined on the basis of actuarial valuation using Projected Unit Credit method is funded with a Gratuity Trust managed by Company nominated Trustees and with Life Insurance Corporation of India in respect of Joint Venture, Tamilnadu Petroproducts Limited. The liability thereof paid/payable is absorbed in the statement of Profit and Loss. The actuarial gains/ losses are recognised in the statement of Profit and Loss. In respect of subsidiary, SPEL Semiconductor Limited, the liability for gratuity to employees, equivalent to premium amount payable to LIC based on percentage of annual salary specified by the LIC.

c. Long Term Compensated Absences

In respect of long term portion of compensated absences [Leave benefits], the liability is determined on the basis of actuarial valuation using Projected Unit Credit method as on the Balance Sheet date and is provided for.

In respect to SPEL, the compensated absences liability is determined on the actual basis and is provided for.

d. Short Term Employee Benefits

Short term employee benefits including accumulated compensated absences determined as per Company's policy/scheme are recognized as expense based on expected obligation on undiscounted basis.

(xii) Research and Development Expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

(xiii) Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(xiv) Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

(xv) Taxation

Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act, 1961.

Deferred tax is recognized for all the timing differences. Deferred Tax assets in respect of unabsorbed depreciation and carry forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

(xvi) Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

Note 3 Share capital

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
<u>AUTHORIZED:</u>		
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
<u>ISSUED, SUBSCRIBED AND FULLY PAID UP:</u>		
16,62,78,374 (16,62,78,374) Equity shares of Rs.10 each	16627.84	16627.84
3,00,000 (3,00,000) 14.50% Redeemable cumulative non-convertible preference shares of Rs.100 each	300.00	300.00
8,50,000 (8,50,000) 11.50% Redeemable cumulative non-convertible preference shares of Rs.100 each	850.00	850.00
1,00,000 (1,00,000) 10.00% Redeemable cumulative non-convertible preference shares of Rs.100 each	100.00	100.00
Total	17877.84	17877.84

3 (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Issued to ARCIL on conversion of secured debts	Issued to other secured lenders on conversion of secured debts	Issued on conversion of FCCP shares	Closing Balance
Equity shares					
Year ended 31 March 2012					
- Number of shares	166278374	-	-	-	166278374
- Amount (Rs. in lac)	16627.84	-	-	-	16627.84
Year ended 31 March 2011					
- Number of shares	131173538	10671001	3214734	21219101	166278374
- Amount (Rs. in lac)	13117.35	1067.10	321.48	2121.91	16627.84
Fully compulsorily convertible preference shares					
Year ended 31 March 2012					
- Number of shares	-	-	-	-	-
- Amount (Rs. in lac)	-	-	-	-	-
Year ended 31 March 2011					
- Number of shares	21219101	-	-	(21219101)	-
- Amount (Rs. in lac)	3819.44	-	-	(3819.44)	-

Note 3 Share capital (contd.)
3 (ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2012		As at 31 March 2011	
	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				
- Ficon Holdings Limited	43678229	26.27	43678229	26.27
- The Bank of Newyork Mellon	17183850	10.33	17194550	10.34
- Tamilnadu Industrial Development Corporation Limited	8840000	5.32	8840000	5.32
- Asset Reconstruction Company (India) Ltd.	-	-	8597001	5.17
Preference Shares				
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				
- Punjab and Sind Bank	150000	17.65	150000	17.65
- State Bank of Mysore	100000	11.76	100000	11.76
- United India Insurance Company Ltd	100000	11.77	100000	11.77
- The Jammu and Kashmir Bank Ltd	500000	58.82	500000	58.82
10.00% Redeemable cumulative non-convertible preference shares				
- Mrs. Brish Darbari Seth & Dr Manu Seth	25000	25.00	25000	25.00
- Mrs. Brish Darbari Seth & Mrs Dolly Robin Lai	25000	25.00	25000	25.00
- Mrs. Brish Darbari Seth & Mrs Mina Rohit Chand	25000	25.00	25000	25.00
- Mrs. Brish Darbari Seth & Mrs Biya Sanjay Thukral	25000	25.00	25000	25.00

3 (iii) Equity Share Capital includes:

- 1,66,66,666 shares of Rs.10 each fully paid up, issued in the year 2009-10 to Asset Reconstruction Company (India) Ltd., (ARCIL) at an issue price of Rs.18 per share inclusive of a premium of Rs.8 per share in accordance with SEBI ICDR Regulations, 2009 by conversion of secured debts of a sum of Rs. 3000 lac in to equity at the meeting of the Board of Directors held on 30 March 2010.
- 65,58,676 shares issued in the year 2009-10 on conversion of same number of Fully Compulsorily Convertible Preference (FCCP) shares of the face value of Rs.10 each fully paid up at a premium of Rs.8 per share at the meeting of the Board of Directors held on 31 March 2010. The equity shares acquired by conversion shall be locked-in for a period of 3 years from the date of allotment, reduced to the extent of the holding period of Preferential Shares.
- 2,12,19,101 shares issued in the year 2010-11 on conversion of same number of FCCP shares of the face value of Rs.10 each fully paid up at a premium of Rs. 8 per share at the meeting of the Board of Directors held on 12 October 2010 after obtaining the exemption from SEBI under SEBI Takeover Code, vide its order dated 28 September 2010, from the requirement of making of a public announcement. The equity shares acquired by conversion shall be locked-in for a period of 3 years from the date of allotment, reduced to the extent of the holding period of Preferential Shares.

- (d) 32,14,734 shares of Rs 10 each fully paid up, at an issue price of Rs 19 per share inclusive of premium of Rs 9 per share in accordance with SEBI ICDR Regulations, 2009 allotted to secured lenders on conversion of secured debts of Rs. 610.80 lac at the meeting of the Board of Directors held on 8 November 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 6 August 2010 and the shareholders at the AGM held on 21 September 2010
- (e) 1,06,71,001 shares of Rs 10 each fully paid up, at an issue price of Rs 20 per share inclusive of premium of Rs 10 per share in accordance with SEBI ICDR Regulations, 2009 allotted to ARCIL on conversion of secured debts of Rs. 2134.20 lac at the meeting of the Board of Directors held on 8 December 2010. The above allotment is in pursuant to the approval of the Board at its meeting held on 28 October 2010 and the shareholders at the EGM held on 29 November 2010.
- (f) The Company, at the meeting of the Committee of the Board of Directors held on 27 April 2012, has allotted 12,631 equity shares of Rs 10 each to Industrial Investment Bank of India at an issue price of Rs 19 per share, which includes a premium of Rs.9 per share, by way of conversion of secured debt of a sum of Rs 2.40 lac. This is further to the approval of the Members at the Annual General Meeting held on 16 November 2011 for allotment and issue of the said shares and on obtaining 'in-principle' approval from National Stock Exchange of India on 25 April 2012.
- (g) 1,71,83,850 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. 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.

3 (iv) Preference Shares includes:

- (a) 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.
- (b) 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.
- (c) 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.
- (d) Pursuant to the approval of the Board at its meeting held on 25 January 2010 and the shareholders at the EGM held on 22 February 2010, M/s.FICON Holdings Ltd., Mauritius (FICON) a promoter group entity remitted Rs.5000 lac and was allotted 2,77,77,777 FCCP shares of Rs.18 each with each FCCP share compulsorily and mandatorily convertible in multiple tranche to one equity share of Rs.10 each, fully paid up at an issue price of Rs.18 which is inclusive of a premium of Rs.8 per share, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). Out of this 65,58,676 FCCP shares were converted in to Equity shares of face value Rs. 10 each fully paid up at a premium of Rs. 8 per share on 31 March 2010. During 2010-11, the balance of 2,12,19,101 FCCP shares were converted into equity shares of Rs. 10 each at a premium of Rs. 8 per share. (Refer note 3(iii)(b) and 3(iii)(c) above)
- (e) 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, 1956 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.

3 (v) Share application money pending allotment

As at 31 March 2012, the share application money pending allotment represents:

- (a) With respect to a joint venture, Tamilnadu Petroproducts Limited (TPL), monies received by its subsidiary SPIC Electric Power Corporation Limited (SEPC) from an investor Company of Rs. 1427 lac (Proportionate Share Rs. 241.59 lac) [Previous year Rs. 1003.24 lac (Proportionate Share Rs. 169.88 lac)] towards equity shares. The share application money was received pursuant to the shareholders and share subscription agreement entered into between TPL, investor Company and SEPC, pursuant to which TPL and the investor Company are entitled for allotment of Equity Share of Rs. 10/- each for cash at par.
- (b) With respect to a joint venture, National Aromatics and Petrochemicals Corporation Limited, share application money pending allotment is Rs. 2899.99 lac (Proportionate Share Rs. 1445 lac) [Previous year Rs. 2899.99 lac (Proportionate Share Rs. 1445 lac)]

Note 4 Reserves and surplus

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Capital reserve		
Opening balance	100.97	100.97
Less: Utilised / transferred during the year	3.64	-
Closing balance	97.33	100.97
(b) Capital redemption reserve	6500.00	6500.00
(c) Securities premium account		
Opening balance	18270.78	15216.83
Add: Additions during the year		
Premium on shares issued to secured lenders on conversion of secured debts (Refer Note 3(iii)(d))	-	289.33
Premium on shares issued to ARCIL on conversion of secured debts (Refer Note 3(iii)(e))	-	1067.10
Premium on shares issued on conversion of FCCP shares (Refer Note 3(iii)(c)).	-	1697.52
Less: Utilised during the year	-	-
Closing balance	18270.78	18270.78
(d) Debenture redemption reserve [Refer Note 4(i) below]	3800.00	3800.00
(e) Revaluation reserve	1141.98	1141.98
(f) Statutory reserve		
Opening balance	41.34	1788.67
Less: Utilised / transferred during the year	-	1747.33
Closing balance	41.34	41.34
(g) Foreign currency translation reserve		
Opening balance	2844.67	8802.89
Add: Effect of foreign exchange rate variations during the year	-	2844.67
Less: Transferred during the year	-	8802.89
Closing balance	2844.67	2844.67

Note 4 Reserves and surplus (contd.)

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
(h) Hedge Reserve [Refer Note 4(ii) below]	15.16	-
Add: Proportionate Share in Joint Ventures (Reserves)		
- Securities Premium Account	780.85	780.85
- Capital Reserve	7.15	7.15
- Revaluation Reserve		
Opening balance	346.49	349.90
Less: Utilised for set off against depreciation	3.41	3.41
Closing balance	343.08	346.49
- General Reserve	2346.24	2346.24
<u>SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS</u>		
- Opening balance	(151364.51)	(88377.76)
- Profit/(Loss) for the year	(213.27)	(62986.75)
	(151577.78)	(151364.51)
Add: Proportionate Share in Joint Ventures (Surplus / (Deficit) in Statement of Profit and Loss)		
- Opening balance	1889.56	1497.30
- Profit/ (Loss) for the year	(4.25)	392.26
- Tax on dividends paid by Joint Ventures	(36.87)	-
	1848.44	1889.56
TOTAL RESERVES AND SURPLUS	(113540.76)	(113294.48)

Note 4(i) In view of the loss for the year, the Company has not created the Debenture Redemption Reserve of Rs 50.79 lac (Previous year Rs. Nil) as required under section 117C of the Companies Act, 1956, read with General Circular No: 9/2002 dated 18 April 2002 issued by the Ministry of Corporate Affairs. The Company will create the Debenture Redemption Reserve, out of profits, in the future years.

Note 4(ii) With respect to a subsidiary, SPEL Semiconductor Limited, the accounting policy has been changed during the year to account for gains or losses on cash flow hedge in the appropriate equity account i.e., Hedge Reserve account. This is different from the method hitherto followed to recognize the same in the statement of profit and loss

Note 5 Long-term borrowings

(Rupees in lac)

Particulars		As at 31 March 2012	As at 31 March 2011
(a) Privately placed non-convertible debentures - Secured*		6833.88	18786.26
(b) Term loans			
From banks - Secured		9193.84	16194.49
From other parties - Secured**		50343.34	47433.09
Total Long term Borrowings - Secured		66371.06	82413.84
(c) From other parties - Unsecured		25607.50	26298.75
	Total	91978.56	108712.59
Proportionate Share in Joint Ventures		892.52	1096.61
	Total	92871.08	109809.20

* Includes debentures assigned to Asset Reconstruction Company (India) Limited (ARCIL) Rs. 5265.96 lac (Previous year Rs. 15567.00 lac)

** Includes term loans assigned to ARCIL Rs. 50317.38 lac (Previous year Rs. 47391.32 lac)

5 (i) Security

The secured long term borrowings as above are secured by a pari-passu charge, by way of joint equitable mortgage, on immovable and movable properties of the Company, both present and future, hypothecation of inventories and all present and future book debts of the Company including Government subsidies, pledge of Company's investments in equity of other Company identified for divestment, Personal Guarantee of a Director and a former Director and by pledge of shareholding of the private promoters in the Company.

5 (ii) Details of Privately placed non-convertible debentures (Secured)

(Rupees in lac)

Particulars		No. of debentures	Face Value (Rs.)	Long Term Balance as at		Current Balance as at		Due date of redemption	Rate of interest
				31 March 2012	31 March 2011	31 March 2012	31 March 2011		
(i)	Series VII			2689.58	5937.26	317.26	-		
(ii)	Series XIII			4086.25	12849.00	456.66	-		
(iii)	Series XIV	125100	100	41.70	-	83.40	-	30 June 2012	14%
(iv)	Series XV	6750	100	2.25	-	4.50	-	30 June 2012	14%
(v)	Series XVI	42300	100	14.10	-	28.20	-	30 June 2012	14%
	Total			6833.88	18786.26	890.02	-		

5 (iii) Details of Term loans

As per the rework package of CDR dated 13 March 2010 and modifications through letters dated 26 July 2011 and 5 September 2011 (read with Term Sheet of ARCIL dated 28 March 2010 and addendum to Term sheet of ARCIL dated 29 June 2011) the repayment schedule is for the total secured loans including Series VII and Series XIII debentures and accordingly these debentures do not have a separate redemption schedule. Series XIV, XV and XVI privately placed non-convertible debentures are to be redeemed in seven equal quarterly instalments commencing from 31 March 2012. Of these the first instalment had been redeemed by 31 March 2012.

5. (iv) Consequent to the implementation of Corporate Debt Restructuring (CDR) Package dated 19 March 2003, the Company had availed interest relief from various banks and financial institutions amounting to Rs. 4110.36 lac (Previous year Rs. 4110.36 lac) for the year 2002-03 and therefore accrued the interest liability at the reduced rates in the subsequent years up to 31 March 2008.
5. (v) As the Corporate Debt Restructuring (CDR) Package referred above did not yield the desired results, the secured lenders preferred to assign their debts in favour of Asset Reconstruction Company (India) Limited (ARCIL). As on 31 March 2012, secured lenders who held approximately 85.56% in value, assigned the financial assistance granted by them along with the attendant security interests in favour of ARCIL under the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

ARCIL and other financial institutions have approved the rework package dated 13 March 2010 through Corporate Debt Restructuring (CDR) mechanism (read with Term Sheet of ARCIL dated 28 March 2010 and Addendum dated 29 June 2011 to the Term Sheet) on successful implementation of which the Company would be eligible for substantial reduction in debts and interest accrued thereon. As the Company could not meet certain repayment obligations as per the rework package, the Corporate Debt Restructuring Empowered Group (CDREG) vide its letters dated 26 July 2011 and 5 September 2011 approved modifications and revised the rework package, stipulating certain changes in the repayment schedule. The total payment to ARCIL and other secured lenders upto 31 March 2012 amounted to Rs.126377.17 lac (Previous year Rs. 82555.15 lac) including a sum of Rs.43822.02 lac (Previous year Rs.46555.68 lac) paid during the year. ARCIL and certain other secured lenders have converted upto 31 March 2012, part of the debts amounting to Rs.5745 lac (Previous year Rs. 5745 lac) into equity as stipulated in the CDR rework package, including Rs.Nil (Previous year Rs. 2745 lac) converted during the year. They have also converted part of the debt amounting to Rs 203.18 lac (Previous year Rs. Nil) into non-convertible debentures, out of which debentures amounting to Rs. 29.03 lac have been redeemed during the year.

In line with the terms of the revised rework package, the Company monetized certain other assets and the proceeds alongwith internal accruals were utilized for repayment of its dues to ARCIL and other secured lenders. The Company has paid interest of Rs 3446.15 lac (Previous year Rs. Nil) on account of delay in settlement of dues to ARCIL and other secured lenders. As per the terms of the rework package, in the event, the Company is unable to meet the payment terms, the package shall be withdrawn. Pending settlement of the balance dues, no credit has been taken for expected relief in loan/interest liabilities.

- 5.(vi) During November 2011, the Financial Institution which had extended assistance against the land and building of Agribusiness Division exercised its right towards settlement of the loan. Consequently the Company executed a Power of Attorney (POA), in favour of the lender, duly registered, for disposal of the aforesaid assets against which the lender has issued a No Due Certificate. Hence the loan liability net of carrying value of the assets taken over is written back and disclosed as an exceptional item. The said institution is not a party to the CDR rework package dated 13 March 2010.

Note 6 Deferred Tax Liabilities (Net)

(Rupees in lac)		
Particulars	As at 31 March 2012	As at 31 March 2011
Deferred Tax Liability		
- Depreciation	1206.75	1185.94
Deferred Tax Assets	-	-
Net Deferred Tax Liability (in respect of subsidiaries)	1206.75	1185.94
Proportionate Share in Joint Ventures	1098.77	1156.48
Total	2305.52	2342.42

(Rupees in lac)

Note 7 Other long-term liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Advances from customers and other parties	-	37.50
(b) Liability for expenses	910.38	924.66
Total	910.38	962.16
Proportionate Share in Joint Ventures	700.97	504.83
Total	1611.35	1466.99

Note 8 Long-term provisions

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Provision for employee benefits:		
(i) Provision for compensated absences	313.69	427.78
(ii) Provision for gratuity	129.69	93.86
(iii) Provision for other employee benefits	87.88	71.26
Total	531.26	592.90
Proportionate Share in Joint Ventures	49.96	33.44
Total	581.22	626.34

Note 9 Short-term borrowings

Particulars	As at 31 March 2012	As at 31 March 2011
(a) From banks		
(i) Secured	424.03	324.94
(ii) Unsecured	500.00	500.00
(b) From Other parties - Secured	203.90	295.94
- Unsecured	-	39.64
(c) Deposits - Unsecured	245.00	445.00
Total	1372.93	1605.52
Proportionate Share in Joint Ventures	1711.02	593.13
Total	3083.95	2198.65

Details of Short term borrowings

In respect of a subsidiary:

- 9 (i) Term loans from Banks are secured by first mortgage of fixed assets acquired out of Bank Finance. Equitable Mortgage relating to Factory Land and Building at 5 CMDA Industrial Estate, Maraimalai Nagar. First Charge on the existing Plant & Machinery and other Fixed Assets for Term Loan.
- 9 (ii) Working Capital Loans from Banks are secured by hypothecation by way of first charge on the current assets of the Company viz. Stock of Raw materials, Stocks in Process, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumables, Stores and Spares) Bills receivables, Book debts, deposits and all other movables excluding such movables as may be permitted by Banks in their discretion from time to time, both present and future, wherever situated and further secured by the second charges on the immovable assets of the Company both present and future. The charge on current assets of the Company will rank pari passu with the existing charges created and/or agreed to be created thereon in favour of Banks.

In respect of a joint venture:

- 9 (iii) Loans are secured by hypothecation by way of charge on inventories both on hand and in transit, book debts and other receivables, both present and future and further secured by way of mortgage by deposit of title deeds of immovable properties, both present and future, on second charge basis ranking pari passu amongst them.

Note 10 Trade payables

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Trade payables:		
- Micro & Small Enterprises	69.98	121.44
- Other than Micro Enterprises and Small Enterprises	27784.28	55520.74
Total	27854.26	55642.18
Proportionate Share in Joint Ventures	2229.89	2654.57
Total	30084.15	58296.75

Note 11 Other current liabilities

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Current maturities of long-term debt (Refer Note 11(i) below)	29476.57	47586.95
(b) Interest accrued but not due on borrowings	-	5362.78
(c) Interest accrued and due on borrowings	18277.69	18183.84
(d) Unclaimed Deposits	3.33	6.03
(e) Retention Money	19.29	24.81
(f) Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	136.64	375.91
(ii) Interest accrued on Security Deposit	246.27	211.36
(iii) Trade / security deposits received	2240.22	2265.66
(iv) Advances from customers	4579.77	8426.43
(v) Liability for expenses	10019.25	11332.75
Total	64999.03	93776.52
Proportionate Share in Joint Ventures	198.24	166.89
Total	65197.27	93943.41

(Rupees in lac)

Note 11 (i) Current Maturities of long term debt includes the following (Refer Note 5 Long term borrowings for details of security)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Debentures		
Secured*	890.02	-
(b) Term loans		
(i) From banks - Secured	1671.14	525.45
(ii) From other parties		
Secured**	5626.50	36334.48
Unsecured	21086.64	10436.45
Total	29274.30	47296.38
Proportionate Share in Joint Ventures	202.27	290.57
Total	29476.57	47586.95

* Includes debentures assigned to ARCIL Rs. 588.06 lac (Previous year Rs. NIL)

** Includes term loans assigned to ARCIL Rs. 5623.60 lac (Previous year Rs. 34940.00 lac)

Note 12 Short-term provisions

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Provision for employee benefits:		
(i) Provision for bonus	29.61	29.69
(ii) Provision for compensated absences	63.80	42.78
(iii) Provision for gratuity	626.45	1035.07
(iv) Provision for Superannuation fund	489.55	979.44
(v) Provision for other employee benefits	32.36	17.51
(b) Provision - Others	90.27	285.24
Total	1332.04	2389.73
Proportionate Share in Joint Ventures	68.31	35.96
Total	1400.35	2425.69

Consolidated Accounts

Note 13 Fixed Asset Schedule for Consolidated Accounts for the year ended 31 March 2012

Description	Gross block			Accumulated depreciation			Net block	
	As at 1 April 2011	Additions/ Adjustments	Deletions/ Adjustments	As at 1 April 2011	For the year*	Deletions/ Adjustments 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible Assets \$								
(a) Land	14210.08	-	4300.68	9909.40	-	-	9909.40	14210.08
- Freehold	130.19	13.54	143.73	-	0.72	30.36	-	100.55
- Leasehold	30880.42	45.28	17097.83	13827.87	384.93	8841.49	7421.86	16028.34
(b) Buildings #	204430.90	4282.69	73377.46	135336.13	6394.50	53668.17	37921.19	59256.83
(c) Plant and Equipment	925.29	37.57	293.32	669.54	30.18	270.99	102.60	562.69
(d) Furniture and Fixtures	356.88	78.85	200.96	234.77	26.93	105.83	75.52	124.94
(e) Vehicles	9797.40	161.74	2739.12	7220.02	172.70	2197.67	1541.67	1645.19
(f) Office equipments	1171.86	-	953.44	218.42	25.65	488.98	99.96	572.09
(g) Roads	582.26	-	-	582.26	14.23	-	354.15	368.38
(h) Railway Sidings								
Intangible Assets								
- Technical know-how	523.66	-	361.85	161.81	-	241.24	161.81	-
- Software	56.20	1.73	-	57.93	9.14	-	35.91	43.32
Total	263065.14	4621.40	99468.39	168218.15	7058.98	65844.73	57462.26	92912.41
Capital Work-in-progress ^								
Total - A	263065.14	4621.40	99468.39	168218.15	7058.98	65844.73	57585.03	94589.01
Proportionate Share in Joint Ventures								
- Tangible Assets	21272.69	180.32	20.72	21432.29	635.05	15.67	5664.80	6124.58
- Capital Work-in-progress @							1941.35	1762.40
- Intangible assets under development @							429.47	429.47
Total - B	21272.69	180.32	20.72	21432.29	635.05	15.67	8035.62	8316.45
GRAND TOTAL (A + B)								
	284337.83	4801.72	99489.11	189650.44	7694.03	65860.40	65620.65	
Previous year	387510.53	1956.08	105128.78	284337.83	11461.57	55744.76	184380.82	102905.46

* Depreciation for the year includes Rs. 0.38 lac (Previous year Rs.0.38 lac) debited to Capital work in progress in respect of joint ventures.

* Depreciation includes Rs. 0.22 lac (Previous year Rs. (0.33)) lac grouped under Expenditure during construction period pending allocation in respect of Joint Ventures.

Includes Rs. Nil (Previous year Rs. 756.56 lac) being the cost of building on lease hold land.

\$ Includes R & D Assets of Rs. Nil (Previous year Rs. 339.03 lac).

**In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006

and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., Building, Plant and Machinery, Furniture and Fittings and Vehicles relating to the Formulation and Enzyme Units of the Pharmaceutical Division and has provided for impairment loss estimated at Rs. 308.93 lac which is included in "Other Expenses".

The impairment to the tune of Rs. 920.02 lac as on 31 March 2011 provided on Pen-G assets at Cuddalore has been reversed during the current year consequent to the sale of those assets by ARCIL.

@Capital Work-in-progress and Intangible Assets under Development includes a sum of Rs. 1630.13 lac (Previous year Rs. 1622.12 lac) incurred on account of Project Development Expenditure pertaining to Joint Ventures.

^ Capital work in progress of Rs. 122.77 lac is net of provision of Rs. 95.60 lac as disclosed in Note 31 (v).

(Rupees in lac)

13 (i) Depreciation disclosure relating to Continuing and Discontinuing operations

Sl. No	Particulars	Year ended 31 March 2012	Year ended 31 March 2011
1	Depreciation for the year on tangible assets as per Note 13	7684.89	11334.19
2	Depreciation for the year on intangible assets as per Note 13	9.14	127.38
	Total Depreciation	7694.03	11461.57
	Depreciation relating to Continuing operations	6019.39	7023.29
	Depreciation relating to Discontinuing operations	1674.64	4438.28

13 (ii) Depreciation charge for the year - Continuing operations

Sl. No	Particulars	Year ended 31 March 2012	Year ended 31 March 2011
1	Depreciation for the year - Continuing operations	6019.39	7023.29
2	Less: Credit for the amount (with respect to Joint Ventures)		
	- amount withdrawn from revaluation reserve	3.41	3.41
	- amount grouped under expenditure during construction period pending allocation	0.22	(0.33)
	- amount debited to Capital work in progress	0.38	0.38
	Net Depreciation charged to the statement of profit and loss - Continuing operations	6015.38	7019.83

13 (iii) Certain assets pertaining to Urea operations, Pharmaceutical and Biotechnology divisions were revalued as on 31 March 1996, 31 March 1999, 31 March 2000, 1 April 2002, 1 April 2003 and 31 March 2006 by independent professional valuers and the resultant surplus included in the gross block of fixed assets as on 31 March 2012 is as below:

Assets revalued	Revaluation uplift
Land	5849.67
Buildings	11822.72
Plant and Equipment	80413.00
Furnitures and Fixtures & Office Equipment	3184.45
Roads	207.47
Railway Sidings	182.90

13 (iv) SPEL Semiconductor Limited has opted for accounting the exchange difference arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 and Accounting Standard 11 (AS-11) notified by Government of India on 31 March 2009 (GO No. GSR 225(E) dated 31 March 2009). The exchange difference adjusted in the carrying amount of fixed assets during the accounting period is Rs. 51.88 lac (gain) (Previous year Rs.18.99 lac loss).

Note 13.a Fixed Assets held for Transfer

- (i) During the year 2004, one of the Joint Venture viz. Tamilnadu Petroproducts Limited (TPL) had acquired assets in the form of equipments and drawings amounting to Rs 2123.63 lac (Proportionate Share Rs. 359.58 lac) for revamp of Normal Paraffin(NP) capacity at the existing plant in Manali. However due to change in Global market conditions resulting in availability of NP at competitive prices, the Company decided not to proceed with the revamp. During the same period, TPL proposed to set up a Greenfield NP Project at Singapore. It was then decided that the assets would be utilized in the Singapore NP Project and transferred to them at not less than cost. During early 2012, the availability of NP became scarce globally and the Company

considered it prudent to utilize these assets to augment captive production of NP, as it was cost advantageous compared to the price of imported NP. Further, the Singapore project was getting delayed due to issues with raw material supplies. The Company has obtained a report from an independent consultant confirming that the assets are in good condition and usable in the current expansion and there is no impairment. The installation of these assets is in progress. Consequently amounts lying under 'Assets held for transfer' have been transferred to capital work in progress and will be capitalized on commissioning.

Note 14 Expenditure during construction period pending allocation

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
Expenditure during construction period pending allocation	-	-
Proportionate Share in Joint Ventures	913.86	782.70
Total	913.86	782.70

Note 15 Non-current investments

(Rupees in lac)

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<u>NON-CURRENT INVESTMENTS (At cost)</u>						
OTHER INVESTMENTS (NON-TRADE)						
(a) Investment in equity instruments - fully paid up						
- Manali Petrochemicals Limited						
10,000 (1,14,61,053) Equity shares of Rs. 5 each	0.68	-	0.68	780.30	-	780.30
- SICAGEN India Limited (Refer Note 15(i) below)						
5,77,681 (5,77,681) Equity Shares of Rs. 10 each	-	-	-	-	-	-
- State Bank of Bikaner and Jaipur						
3,450 (3,450) Equity Shares of Rs. 10 each	1.85	-	1.85	1.85	-	1.85
- ICICI Bank Limited						
383 (383) Equity Shares of Rs. 10 each	0.20	-	0.20	0.20	-	0.20
- SPIC Petrochemicals Limited (Refer Note 15(ii) below)						
25,37,50,009 (25,37,50,009) Equity Shares of Rs. 10 each	-	25375.00	25375.00	-	25375.00	25375.00
- SPIC Electric Power Corporation Private Limited						
5,00,000 (5,00,000) Equity Shares of Rs. 10 each	-	50.00	50.00	-	50.00	50.00
- Biotech Consortium India Limited						
2,50,000 (2,50,000) Equity Shares of Rs. 10 each	-	25.00	25.00	-	25.00	25.00
- Cuddalore SIPCOT Industries Common Utilities Limited						
15,915 (15,915) Equity Shares of Rs. 100 each	-	15.92	15.92	-	15.92	15.92
- Chennai Willington Corporate Foundation						
50 (50) Equity Shares of Rs. 10 each costing Rs. 450	-			-		
Total investment in equity instruments	2.73	25465.92	25468.65	782.35	25465.92	26248.27
(b) Investment in preference shares						
(i) of other entities						
- SPIC Petrochemicals Limited (Refer Note 15(ii) below)						
5,000 (5,000) 8% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 each	-	5.00	5.00	-	5.00	5.00
Total investment in preference shares	-	5.00	5.00	-	5.00	5.00

Note 15 Non-current investments (contd.)

(Rupees in lac)

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(c) Investment in bonds - fully paid up						
- SPIC Petrochemicals Limited* (Refer Note 15(ii) 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.	-	30609.63	30609.63	-	30609.63	30609.63
Total Investment in Bonds	-	30609.63	30609.63	-	30609.63	30609.63
(d) Investment in mutual funds						
- 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	-	1.00	1.00
Total Investment in Mutual Funds	-	1.00	1.00	-	1.00	1.00
GROSS VALUE OF INVESTMENTS	2.73	56081.55	56084.28	782.35	56081.55	56863.90
Less: Provision for diminution in value of investments	-	56039.63	56039.63	-	56039.63	56039.63
TOTAL	2.73	41.92	44.65	782.35	41.92	824.27
Add: Proportionate Share in Joint Ventures	-	260.82	260.82	-	334.88	334.88
TOTAL	2.73	302.74	305.47	782.35	376.80	1159.15

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

15.(ii) The Company promoted SPIC Petrochemicals Limited (SPIC Petro) in 1994-95 for the manufacture of Polyester Filament Yarn (Capacity: 80000 TPA) and Purified Terephthalic Acid (Capacity: 315000 TPA). The Company had invested Rs.25375.00 lac in the equity share capital, Rs.5.00 lac in 8% redeemable cumulative non convertible preference share capital, Rs.30609.63 lac in Unsecured Zero Interest Bonds redeemable after 12 years from the date of commencement of commercial production or repayment of all the term loans to the lenders, whichever is earlier. In view of the pending litigation between Chennai Petroleum Corporation Limited (CPCL) and the Company and the consequent interim injunction granted by the Hon'ble Madras High Court in 1997 to stop implementation of activities, there has been a suspension of activities.

While SPIC Petro was pursuing its revival efforts, the Hon'ble Single Judge of the Hon'ble Madras High Court ordered the winding up of the Company on 17 April 2009 and appointed the Official Liquidator to take charge of all the properties and effects of the Company, at the time of disposing the winding up petitions filed by certain unsecured creditors.

Against the above winding up order, SPIC Petro filed an appeal and obtained an interim stay from the Division Bench of the Hon'ble Madras High Court on 5 May 2009. After several hearings, the Division Bench vide its order dated 16 December 2009 directed SPIC Petro to pay an amount of Rs.110 lac as part-payment to certain unsecured creditors who have initiated the winding up proceedings before the court, on or before 31 March 2010. Since SPIC Petro was unable to make the above payment on or before 31 March 2010, the Division Bench of the Hon'ble Madras High Court, dismissed the appeal on 26 April 2010. Meanwhile, ARCIL issued a notice on 19 March 2009, u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), directing SPIC Petro to make payment of the dues to ARCIL within sixty days from the date of the notice. As SPIC Petro could not make the payment, ARCIL took over the possession of the assets of SPIC Petro, under SARFAESI Act on 13 May 2010.

However, the Official Liquidator appointed by the Hon'ble Madras High Court has taken over possession of the assets and effects of SPIC Petro on 14 May 2010, in accordance with the order issued by the Division Bench of the Hon'ble Madras High Court on 26 April 2010. Consequent to the above, the nominee directors of SPIC Limited have ceased to be directors of SPIC Petro with

effect from 14 May 2010. On an appeal preferred by ARCIL, the Hon'ble Madras High Court vide its order dated 20 December 2010 directed the official Liquidator to hand back the possession of the above mentioned assets to ARCIL, pursuant to which ARCIL took repossession of the same on 4 January 2011.

In view of the above developments, the Company had lost its control over SPIC Petro and hence it ceased to be a subsidiary of the Company. However, full provision has already been made in the earlier years for the carrying value of investments and also for all other dues from this company.

- 15 (iii) As at 31 March 2012, the Joint venturer Tamilnadu Petroproducts Limited (TPL) has investments of Rs. 2764.50 lac in SPIC Electric Power Corporation (Private) Ltd., (SEPC) for setting up a 525 MW coal based power project (power project) made during the period 1995-2003 and advance against equity of Rs.33.91 lac made during the period 2006 -2008. TPL signed a Memorandum of Understanding (MoU) with Tamilnadu Electricity Board (TNEB) in February 1995 for setting up the power project at Tuticorin, Tamilnadu. As per the Power Purchase Agreement (PPA), TNEB had committed to provide Escrow. However, as there was a delay in allocation of Escrow by TNEB, SEPC filed a Writ Petition in the Hon'ble High Court of Madras seeking a direction for allocation of Escrow. TPL is awaiting the outcome of the case.

TPL, SEPC and an investor Company executed on 28 May 2009, a Shareholders' and Share Subscription Agreement (SSA) broadly underlining the obligations of the Shareholders with regard to the power project. The investor Company has agreed to bring in 74% of the equity for the power project. They have been meeting all the expenses of SEPC since August 2007 and have so far contributed a sum of Rs.2968.45 lac upto 31 March 2012. Against this amount, 1,54,14,550 equity shares of Rs.10/- each for cash at par have been allotted to them.

Due to non payment of lease rentals, Tuticorin Port Trust, presently known as V.O.Chidambaranar Port Trust (VOCPT) sought to repossess the land allotted to SEPC for the power project. SEPC approached the Hon'ble High Court of Madras for appointment of an Arbitrator and the High Court by their Order dated 18 July 2008 a Sole Arbitrator was appointed to settle the dispute between SEPC and VOCPT. SEPC also filed an appeal before the Division Bench of the High Court of Madras seeking an interim injunction restraining VOCPT from transferring the land by way of lease or otherwise to any other party. The Division Bench by its Order dated 4 September 2008 stated that SEPC is at liberty to approach the Arbitrator for seeking appropriate interim measure. The Arbitrator in his proceedings dated 13 February 2009 observed that the rights of VOCPT & SEPC will be subject to the outcome of the arbitration proceedings in so far as the disputed site is concerned. Subsequently, it was agreed between VOCPT and SEPC to defer the arbitration proceedings on the understanding that the issue would be amicably settled.

Arising out of this, a joint committee consisting of representative from Central Electricity Authority (CEA)/TNEB/VOCPT was constituted. The committee recommended an alternate site for locating the power project. SEPC after making preliminary investigations found the alternate site suitable. Ministry of Shipping, Govt of India during February 2010 approved the proposal for allocation of alternate site to SEPC and VOCPT communicated their willingness to enter into a long term lease. The Ministry of Environment and Forest (MoEF) had accorded clearance for the project on 3 November 2010. SEPC has paid lease rentals to VOCPT by calculating penal interest @ 15% amounting to Rs. 830 lac as against 18% proposed by VOCPT. A representation from SEPC for charging 15% interest is under consideration by VOCPT.

Pending permission to take physical possession of the alternate land, VOCPT had permitted SEPC to enter upon the said land for starting the project work as SEPC already paid the Lease Rent due and also obtained Environmental Clearance. In continuation, SEPC has commenced the various site development works such as Joint Physical Survey, Corner stone laying work, Name Board installation and site leveling work. With regard to the allocations / permissions for the Fore Shore facilities comprising of Coal jetty, Conveyor routing and Pump-house, SEPC held discussions with VOCPT and the allocations are being considered by VOCPT favourably for which a detailed report was also submitted by SEPC.

SEPC approached the Tamilnadu Pollution Control Board for grant of consent to establish the Project and the same is in the advanced stage of issuance. Further, SEPC is continuing the process of finalization of the EPC Contract as per the directions of Hon'ble TNERC. With regard to the fuel supply contracts for supply of Coal and Fuel Oil, discussions are underway with the suppliers.

The Company filed a Miscellaneous Petition dated 14 April 2010 with Hon'ble TNERC seeking its direction to pass orders directing the respondent TNEB Board to act in accordance with the terms contained in the concluded PPA between SEPC and TNEB. During the course of hearing of the petition, TNEB filed an affidavit conveying its acceptance of the terms conveyed in the PPA and also stated that the PPA was valid and that it would stand by the said PPA. The Hon'ble TNERC passed the final orders on 9 May 2011 for implementation of the project including directing certain changes to the PPA in line with the TNERC Tariff Regulations of 2005. Accordingly, SEPC and TANGEDCO (formerly TNEB) signed the amendments to the PPA on 10 January 2012 with the approval of the Board of TANGEDCO and the amended PPA was submitted to Hon'ble TNERC on 13 January 2012.

The detailed project report with revised project cost for the power plant has been finalized. SEPC's application for financial assistance is being processed by the Financial Institutions. Since substantial progress has been achieved as mentioned above in implementation including commencement of physical activities in the alternate land, the Company is hopeful that the project will be set up soon.

Note 16 Long-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

(Rupees in lac)

Particulars	As at 31 March 2012		As at 31 March 2011	
(a) Capital advances				
Considered good	275.44		2912.92	
Doubtful	2091.04		-	
	2366.48		2912.92	
Less: Provision for doubtful capital advances	2091.04	275.44	-	2912.92
(b) Deposits				
Considered good	2869.37		2918.67	
Doubtful	4.12		4.12	
	2873.49		2922.79	
Less: Provision for doubtful deposits	4.12	2869.37	4.12	2918.67
(c) Loans and advances to employees				
Considered good	5.79		7.49	
Doubtful	5.35		5.35	
	11.14		12.84	
Less: Provision for doubtful loans and advances	5.35	5.79	5.35	7.49
(d) Advance income tax (net of provisions Rs. 4135.56 lac (As at 31 March 2011 Rs. 1543.09 lac) - Unsecured, Considered good)		593.79		3739.99
(e) Balances with government authorities				
Considered good	30.14		2909.12	
Doubtful	370.27		-	
	400.41		2909.12	
Less: Provision for doubtful receivables	370.27	30.14	-	2909.12
(f) Other loans and advances - Considered Good	61.28		51.21	
Considered Doubtful	-		4.12	
	61.28		55.33	
Less: Provision for doubtful advances	-	61.28	4.12	51.21
Total		3835.81		12539.40
Proportionate Share in Joint Ventures (Considered good)		377.81		344.49
Total		4213.62		12883.89

16 (i) Capital advances include a sum of Rs.2091.04 lac (Previous year Rs.2091.04 lac) being advances paid to MCC Finance Limited for purchase of certain immovable properties. The Company entered into sale agreements for these properties with MCC Finance Limited and the execution and registration of sale deeds are pending. The Administrator/Provisional Liquidator of MCC Finance Limited has filed a Petition before the Company Court at Chennai seeking a direction that the sale agreements entered into between the Company and MCC Finance Limited be declared null and void. The said Petition was allowed by the Single Judge on 18 June 2003. The Company filed an appeal against the Order before the Division Bench of the Hon'ble Madras High Court. The Division Bench admitted the appeal and ordered status quo be maintained, pending disposal of the appeal. However full provision was made in the accounts during 1st quarter of the current year and the pending appeal was withdrawn by the Company during September, 2011. MCC Finance Limited has since filed a Scheme of Arrangement with its creditors under section 391 of the Companies Act, 1956 before the Hon'ble Madras High Court which is pending approval.

(Rupees in lac)

Note 17 Other non-current assets

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Trade Receivables*	-	2137.97
Total	-	2137.97
Proportionate Share in Joint Ventures	-	-
Total	-	2137.97

* Represents retentions on account of Contract-in-progress

Note 18 Current investments

Particulars	As at 31 March 2012			As at 31 March 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) CURRENT INVESTMENTS (At cost)						
OTHER INVESTMENTS	-	-	-	-	-	-
Proportionate Share in Joint Ventures	-	-	-	74.99	-	74.99
Total	-	-	-	74.99	-	74.99

Note 19 Inventories (At lower of cost and net realisable value)

Particulars	As at 31 March 2012		As at 31 March 2011	
(a) Raw materials	4243.03		7155.12	
Less: Provision for non-moving Raw Materials	-	4243.03	513.80	6641.32
(b) Work-in-progress		1458.30		2396.58
(c) Finished goods		459.81		3199.96
(d) Stock-in-trade		-		95.92
(e) Stores and spares	4886.25		4269.83	
Goods-in-transit	47.45		20.60	
Less: Provision for non-moving spares	710.69	4223.01	1443.55	2846.88
(f) Loose tools		17.37		17.06
(g) Contracts-in-progress		-		3194.82
Total		10401.52		18392.54
Proportionate Share in Joint Ventures		2254.47		1680.09
Total		12655.99		20072.63

(Rupees in lac)

Note 20 Trade receivables

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment				
Secured, considered good	3.26		-	
Unsecured, considered good*	265.80		1733.79	
Doubtful	1068.14		2112.81	
	1337.20		3846.60	
Less: Provision for doubtful trade receivables	1068.14	269.06	2112.81	1733.79
(b) Other Trade receivables				
Secured, considered good	5.82		-	
Unsecured, considered good*	1486.53		7504.40	
Doubtful	-		4.31	
	1492.35		7508.71	
Less: Provision for doubtful trade receivables	-	1492.35	4.31	7504.40
Total		1761.41		9238.19
Proportionate Share in Joint Ventures		1492.30		1242.73
Total		3253.71		10480.92

* Includes Nil in Trade receivables exceeding six months (Previous year Rs. 1680.98 lac) and NIL in Other Trade receivables (Previous year Rs.0.40 lac) retentions on account of Contract-in-progress

Note 21 Cash and cash equivalents

Particulars	As at 31 March 2012	As at 31 March 2011
(a) Cash on hand	6.55	37.24
(b) Cheques, drafts on hand	500.00	-
(c) Balances with banks		
(i) In current accounts	674.97	2332.59
(ii) In EEFC accounts	0.94	0.82
(iii) In deposit accounts	160.00	2592.46
(iv) In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	321.48	2338.32
- Balance in Escrow Account	0.45	3121.41
Total	1664.39	10422.84
Proportionate Share in Joint Ventures	1545.40	1228.88
Total	3209.79	11651.72
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is	1676.12	5354.97

(Rupees in lac)

Note 22 Short-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

Particulars	As at 31 March 2012		As at 31 March 2011	
(a) Loans and advances to related parties				
Considered Good	35.35		0.34	
Doubtful	4271.02		2093.77	
	4306.37		2094.11	
Less: Provision for doubtful loans and advances	4271.02	35.35	2093.77	0.34
(b) Deposits				
Considered Good	91.25		9.93	
Doubtful	62.92		-	
	154.17		9.93	
Less: Provision for doubtful deposits	62.92	91.25	-	9.93
(c) Loans and advances to employees				
Considered Good	17.55		22.75	
Doubtful	20.72		32.70	
	38.27		55.45	
Less: Provision for doubtful loans and advances	20.72	17.55	32.70	22.75
(d) Prepaid expenses		74.00		240.73
(e) Subsidy Receivable		7568.94		15376.42
(f) Balances with government authorities				
Considered good	445.50		160.57	
Doubtful	37.40		37.40	
	482.90		197.97	
Less: Provision for doubtful receivables	37.40	445.50	37.40	160.57
(g) Advance to suppliers		6423.92		605.55
(h) Loans and Advances to other parties				
Considered good	1268.70		1182.82	
Doubtful	548.41		2757.58	
	1817.11		3940.40	
Less: Provision for doubtful loans and advances	548.41	1268.70	2757.58	1182.82
Total		15925.21		17599.11
Proportionate Share in Joint Ventures		922.57		885.77
Total		16847.78		18484.88

22 (i) The Loans and advances include certain overdue and unconfirmed balances. However, in the opinion of the management these current assets would in the ordinary course of business realise the value stated in the accounts.

(Rupees in lac)

Note 23 Other current assets

(Unsecured, Considered Good unless stated otherwise)

Particulars	As at 31 March 2012		As at 31 March 2011	
(a) Accrued Income		3.49		5.29
(b) Interest accrued on Deposits		9.94		86.07
(c) Others				
(i) Insurance Claims				
Considered Good	0.07		41.40	
Considered Doubtful	0.71		-	
	0.78		41.40	
Less: Provision for doubtful claims	0.71	0.07	-	41.40
(d) MAT Credit		311.23		293.71
(e) Other receivables				
Considered Good	133.19		116.74	
Considered Doubtful	72.59		72.59	
	205.78		189.33	
Less: Provisions for Doubtful receivables	72.59	133.19	72.59	116.74
Total		457.92		543.21
Proportionate Share in Joint Ventures		5.12		3.86
Total		463.04		547.07

Note 24 Revenue from operations

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Sale of products	45599.26	36177.40
(b) Subsidy Income	205462.22	79132.10
(c) Sale of services	92.61	67.78
Total Sales and Services	251154.09	115377.28
(d) Other operating revenues [Refer Note 24(i) below]	1098.32	269.26
	252252.41	115646.54
(e) Less: Excise duty	382.71	45.01
Total	251869.70	115601.53
Proportionate Share in Joint Ventures		
Total Revenue	24170.68	19825.33
Less: Excise Duty	2035.27	1804.53
Net Sales	22135.41	18020.80
Total	274005.11	133622.33

(Rupees in lac)

Note 24 (i) Other operating Revenues

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Unclaimed credit balances written back	313.29	25.34
(b) Facility sharing income [Refer Note 42(ii)]	461.62	-
(c) Sale of scrap	118.96	64.79
(d) Other operating income	172.62	144.77
Total	1066.49	234.90
Proportionate Share in Joint Ventures	31.83	34.36
Total	1098.32	269.26

Note 25 Other income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Interest income (Refer Note 25 (i) below)	224.60	211.76
(b) Dividend income - from long-term investments		
Joint ventures	-	76.17
Others	63.95	247.79
(c) Net gain on foreign currency transactions and translation	-	521.66
(d) Provision no longer required written back		
For Doubtful debts/advances	8.18	108.83
Others	516.90	-
(e) Other non-operating income (Refer Note 25 (ii) below)	426.97	464.96
Total	1240.60	1631.17
Proportionate Share in Joint Ventures	275.05	23.96
Total	1515.65	1655.13

Note 25 (i) Interest Income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Interest income comprises:		
(i) Interest from banks on-		
-Deposits	171.13	145.07
-Interest income from current investments (Fertiliser Bond)	-	26.04
-Other interest	33.78	31.21
Total	204.91	202.32
Proportionate Share in Joint Ventures	19.69	9.44
Total	224.60	211.76

(Rupees in lac)

Note 25 (ii) Other non-operating income

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Other non-operating income comprises:		
Rental income	228.88	282.51
Miscellaneous Income	60.03	102.51
Total	288.91	385.02
Proportionate Share in Joint Ventures	138.06	79.94
Total	426.97	464.96

Note 26.a Cost of materials consumed

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Opening stock	2727.17	3878.85
Add: Purchases	143402.57	65824.85
	146129.74	69703.70
Less: Adjustment on disposal of Subsidiary	-	1651.39
	146129.74	68052.31
Less: Closing stock	4127.19	2727.17
Cost of material consumed	142002.55	65325.14
Proportionate Share in Joint Ventures	12884.46	10112.00
Total	154887.01	75437.14

Note 26.b Purchases of stock-in-trade

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
Purchases of stock-in-trade	2088.91	1498.65
Total	2088.91	1498.65
Proportionate Share in Joint Ventures	30.66	26.25
Total	2119.57	1524.90

(Rupees in lac)

Note 26.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) <u>Inventories at the end of the year:</u>		
Finished goods	391.38	2263.93
Work-in-progress	1450.32	2467.82
Total	1841.70	4731.75
(b) <u>Inventories at the beginning of the year:</u>		
Finished goods	744.32	2410.84
Work-in-progress	2326.74	1145.60
Total	3071.06	3556.44
(Increase) / Decrease	1229.36	(1175.31)
Proportionate Share in Joint Ventures	(468.13)	(3.53)
Net (increase) / decrease	761.23	(1178.84)

Note 27 Employee benefits expense

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Salaries and wages	4360.24	4844.87
(b) Contributions to provident and other funds	306.24	259.61
(c) Contribution to gratuity	278.64	306.39
(d) Contribution to superannuation funds	155.26	130.09
(e) Staff welfare expenses	502.13	391.14
Total	5602.51	5932.10
Proportionate Share in Joint Ventures	499.70	435.95
Total	6102.21	6368.05

Note 28 Finance costs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Interest expense on:		
(i) Borrowings	7670.77	2371.88
(ii) Trade payables/Trade Advances	14.40	-
(iii) Deposits	177.49	168.98
(iv) Others	22.05	0.09
(b) Other borrowing costs	343.42	225.09
Total	8228.13	2766.04
Proportionate Share in Joint Ventures	536.03	483.11
Total	8764.16	3249.15

(Rupees in lac)

Note 29 Other expenses

Particulars		Year ended 31 March 2012		Year ended 31 March 2011	
(a)	Consumption of stores and spare parts		1455.03		2100.14
(b)	Increase / (decrease) of excise duty on inventory		(36.30)		9.76
(c)	Power and fuel		66317.68		29572.32
(d)	Water		709.06		267.65
(e)	Rent		389.17		310.20
(f)	Repairs to				
	- Buildings	242.50		199.13	
	- Machinery	1224.25		754.77	
	- Others	446.93	1913.68	354.10	1308.00
(g)	Insurance		318.33		297.69
(h)	Rates and taxes		118.84		126.07
(i)	Communication		15.40		17.93
(j)	Travelling and conveyance		553.29		346.15
(k)	Packing, transportation and handling		6989.09		4196.77
(l)	Marketing Service Charges		400.50		-
(m)	Rebates and Discount		2693.00		793.33
(n)	Sales promotion expenses		5.21		0.33
(o)	Professional Fees		849.28		218.84
(p)	Payment to auditors (Refer Note 29(i) below)		64.19		49.10
(q)	Bad trade and other receivables, loans and advances written off	215.38		162.55	
	Less: Transfer off from provision	215.38	-	18.50	144.05
(r)	Net loss on foreign currency transactions and translation		4170.58		-
(s)	(Profit)/Loss on fixed assets sold / scrapped / written off		(4.23)		58.30
(t)	Net loss on sale of investments - Current Investments	-		65.89	
	Less: Transfer off from provision	-	-	48.89	17.00
(u)	Provision for doubtful trade and other receivables, loans and advances (net)		2492.93		25.89
(v)	Miscellaneous expenses		997.36		1186.96
	Total		90412.09		41046.48
	Proportionate Share in Joint Ventures		8430.97		6518.80
	Total		98843.06		47565.28

Note 29(i) - Payment to Auditors

Particulars		Year ended 31 March 2012		Year ended 31 March 2011	
(a)	Payment to the auditors comprises of*				
	(i) As auditors - statutory audit	31.50		26.50	
	(ii) For taxation matters	0.30		0.30	
	(iii) For other services	31.27		21.31	
	(iv) Reimbursement of expenses	1.12	64.19	0.99	49.10
	Proportionate Share in Joint Ventures		5.69		7.00
	Total		69.88		56.10

* includes fee paid to auditors of subsidiary and joint ventures

(Rupees in lac)

Note 30 Exceptional items

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(a) Excess Liability written back (Refer Note 5(vi))	2255.08	-
(b) Profit on Sale of Investment	562.89	224.94
(c) Profit/ (Loss) on Sale of Fixed Assets	(416.50)	(3463.19)
(d) Profit on disposal of Subsidiary/Joint venture	-	12990.75
(e) Adjustment arising on de-recognition of subsidiary	-	(55989.63)
(f) Investments written off	-	(17542.13)
Total	2401.47	(63779.26)

Note 31 Discontinuing Operations:

- 31 (i) In view of the Company's inability to restart the Pen-G operation due to unremunerative market on account of Chinese imports and also considering the non-viability of operations relating to R&D and Active Pharmaceutical Ingredients (API) of the Pharma unit, Asset Reconstruction Company (India) Ltd., (ARCIL) vide notice dated 17 May 2011 intimated that they had taken over the possession of immovable properties of the Pen-G unit at Cuddalore. Consequently the operations of Pen-G, R&D and API of the Pharma unit were closed by the Company. ARCIL sold the assets relating to Pen-G unit during October 2011 and appropriated the sale proceeds against the outstanding dues payable by the Company to ARCIL and other secured lenders.
- 31 (ii) Pursuant to the approval of CDR Empowered Group and the consent of the Shareholders obtained through postal ballot, the SPIC Maintenance Organisation (SMO) Division and Phosphatics Business of the Company were sold as going concern on a slump sale basis during September 2011 and October 2011 respectively. Pending completion of the statutory formalities, production and sale of Phosphatic Fertilizers were carried out by the Company on behalf of the buyer for the period from 19 to 24 October 2011. Consequently, the sale of Rs. 1355.28 lac is included in the net sales / income from operations of the current year and the resultant excess of sale proceeds over the expenses has been transferred to the buyer. Claims, if any, which are non current in nature arising out of the aforesaid discontinued business operations prior to the date of their transfer will be discharged by the Company as per the terms of the Business Transfer Agreements executed with the buyers.
- 31 (iii) The operations of the Formulations Industrial Unit at Maraimalai Nagar were discontinued with effect from 2 April 2012 due to low demand for its products in the domestic and export markets and uncertain power situation.
- 31 (iv) The operations of Enzyme Unit of the Pharmaceutical Division are being discontinued by the Company in view of its uneconomical business size, constraints in fund infusion/restart-up of the operations after being relocated from various places and paucity of working capital.
- 31 (v) In pursuance of Accounting Standard 28 - Impairment of Assets (AS - 28) notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, the Company has reviewed its carrying cost of assets viz., buildings, plant and machinery, furniture and fittings, and vehicles including Capital Work-in-Progress of Rs. 95.60 lac relating to the Formulation and Enzyme Units of the Pharmaceutical Division and has provided for impairment loss estimated at Rs.404.53 lac which is included in "Exceptional Item".

(Rupees in lac)

31 (vi) Notes to Discontinuing Operations for the year ended 31 March 2012

S. No	Particulars	Discontinuing				
		Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
1	Revenue from operations (gross)	67647.38	1187.15	475.33	18167.80	87477.66
	Less: Excise duty	438.83	-	6.59	-	445.42
	Revenue from operations (net)	67208.55	1187.15	468.74	18167.80	87032.24
2	Other income	159.17	-	-	68.08	227.25
3	Total revenue (1+2)	67367.72	1187.15	468.74	18235.88	87259.49
4	Expenses					
	(a) Cost of materials consumed	49961.22	405.40	79.08	-	50445.70
	(b) Purchases of stock-in-trade	-	2.42	190.89	-	193.31
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1040.23	(29.45)	9.28	(769.06)	251.00
	(d) Employee benefits expense	1364.96	328.81	148.86	497.26	2339.89
	(e) Finance costs	11.53	-	-	24.32	35.85
	(f) Depreciation and amortisation expense	955.11	640.76	17.66	61.11	1674.64
	(g) Other expenses	11254.24	958.96	143.28	18337.94	30694.42
	Total expenses	64587.29	2306.90	589.05	18151.57	85634.81
5	Profit / (Loss) before exceptional items and tax (3 - 4)	2780.43	(1119.75)	(120.31)	84.31	1624.68
6	Exceptional items					
	(a) VRS Compensation	-	(1179.31)	-	-	(1179.31)
	(b) Reversal / (Provision) relating to Asset Impairment (net)	-	633.10	(117.61)	-	515.49
7	Profit from Discontinuing Operations (5 + 6)	2780.43	(1665.96)	(237.92)	84.31	960.86
8	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations	2166.28	668.51	-	(1745.56)	1089.23
9	Profit / (Loss) before and after tax (7 ± 8)	4946.71	(997.45)	(237.92)	(1661.25)	2050.09

(Rupees in lac)

31 (vii) Notes to Discontinuing Operations for the year ended 31 March 2011

S. No	Particulars	Discontinuing				
		Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
1	Revenue from operations (gross)	50218.84	1582.38	971.50	24637.53	77410.25
	Less: Excise duty	333.99	53.59	-	-	387.58
	Revenue from operations (net)	49884.85	1528.79	971.50	24637.53	77022.67
2	Other income	266.00	10.77	-	191.26	468.03
3	Total revenue (1+2)	50150.85	1539.56	971.50	24828.79	77490.70
4	Expenses					
	(a) Cost of materials consumed	34894.30	273.72	239.73	-	35407.75
	(b) Purchases of stock-in-trade	-	142.84	318.80	-	461.64
	(c) Changes in inventories of finished goods, work-in- progress and stock-in-trade	(1548.79)	153.56	(7.24)	(1421.95)	(2824.42)
	(d) Employee benefits expense	1458.38	682.82	114.70	935.19	3191.09
	(e) Finance costs	6.18	-	-	89.35	95.53
	(f) Depreciation and amortisation expense	1880.34	2453.06	16.64	88.24	4438.28
	(g) Other expenses	6925.97	3113.01	236.83	24408.70	34684.51
	Total expenses	43616.38	6819.01	919.46	24099.53	75454.38
5	Profit / (Loss) before exceptional items and tax (3 - 4)	6534.47	(5279.45)	52.04	729.26	2036.32
6	Exceptional items	-	-	-	-	-
7	Profit / (Loss) before and after tax (5 ± 6)	6534.47	(5279.45)	52.04	729.26	2036.32

31 (viii) Carrying Value of Assets and Liabilities of Discontinuing Operations for the Year ended 31 March 2012 with comparative Previous Year figures

	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
Total Assets					
31 March 2012	-	566.18	366.88	-	933.06
31 March 2011	40721.13	3209.28	710.29	14697.72	59338.42
Total Liabilities					
31 March 2012	-	802.38	45.60	-	847.98
31 March 2011	6800.32	818.89	165.41	7143.12	14927.74

31 (ix) Cash Flow of Discontinuing Operations for the Year ended 31 March 2012 with Comparative Previous Year figures.

(Rupees in lac)

	Agro Inputs (Phosphatic operations)	Bulk Drugs and Formulations	Enzymes	SMO	Total
Cash flow from Operating Activity					
31 March 2012	8507.52	(1450.88)	(119.93)	(357.36)	6579.35
31 March 2011	7117.47	(447.28)	100.02	1250.91	8021.12
Cash flow from Investing Activity					
31 March 2012	30360.01	3080.01	137.98	4818.74	38396.74
31 March 2011	(235.95)	1733.67	(289.67)	(1108.40)	99.65
Cash flow from Financing Activity					
31 March 2012	(0.02)	-	-	-	(0.02)
31 March 2011	-	-	-	-	-

31 (x) The Government of India introduced Nutrient Based Subsidy Scheme (NBS) effective from 1 April 2010 for Phosphatics Fertilizers and as per this policy, the concession payable is fixed for the entire financial year with open MRP. Concession income has been recognised in the books of account based on the applicable guidelines under NBS for the current year till the date of disposal of the Phosphatics Business.

31 (xi) Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts notified by the Central Government of India under Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 1956 is as below:

(Rupees in lac)

Particulars	Year ended 31 March 2012*	Year ended 31 March 2011
Contract revenue recognized as revenue in the year	18165.95	24008.89
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) for all the contracts in progress	-	39370.33
Advances received	-	4284.64
The amount of retention due from customers for contracts in progress	-	2137.97
Gross amount due from customers for contracts in progress	-	-

*Refer Note 31(ii)

Note 32 Going Concern

In spite of erosion of net-worth and discontinuation of certain operations as referred in Note 31, the financial statements of the Company have been prepared on a going concern basis, in view of the following:

32 (i) The Company recommenced the manufacturing operations of Urea, being its core business, from 9 October 2010 and produced 297650 MT of Urea for the year 2010-11. The Company has also continuously operated its Urea plant at 100% reassessed capacity level and achieved a production of 620407 MT for the current year, which has resulted in significant improvement in the profitability. Considering the Supply Agreement dated 24 April 2010 with Indian Oil Corporation Limited (IOCL) for the supply of raw materials, the Company is confident of sustaining the present level of Urea operations in future.

32 (ii) The revised rework package approved under Corporate Debt Restructuring (CDR) mechanism, as referred in Note 5 (v) envisages bringing down the debts and consequently improving the net-worth.

- 32(iii) The Company has discontinued certain business operations with an objective to monetize the underlying assets of such business units as referred in Note 31 and the proceeds along with internal accruals were utilized for repayment of dues to ARCIL and other secured lenders, which has resulted in substantial reduction of debt level.
- 32(iv) The Company has filed a Scheme of Arrangement with certain creditors under section 391 of the Companies Act, 1956 on 14 December 2011 before the Hon'ble Madras High Court and pursuant to the directions of the Hon'ble Court, the meeting of the creditors of the Company was held on 24 February 2012 at Chennai. The Scheme was approved by the requisite majority and thereafter the Company has filed a Company Petition before the Hon'ble Madras High Court for the sanction of the Scheme which is pending.

Note 33 Commitments

(a) Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 373.63 lac (Previous year Rs.708.83 lac) [including share of Joint ventures Rs. 10.73 lac (Previous year Rs. 26.83 lac)]

- (b) Confirmed sales commitments to be fulfilled within one year as on 31 March 2012 is Rs. 1800 lac (Previous year Nil)

Note 34 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. The Phosphate Chemical Export Association Inc. USA (Phoschem) filed a suit before the Hon'ble Madras High Court for recovery of US\$11.52 million (INR equivalent 5893.23 lac) during March 2006 towards supply of raw material to the Company. The court passed an interim decree in favour of Phoschem for US\$8.76 million (INR equivalent 3911.34 lac) on 5 March 2007 against which the Company filed a Review Petition on 21 March 2007 on the ground that the Hon'ble High Court has not considered the realization of US\$6.31 million by Phoschem from the Insurance Company. The Review Petition is still pending before the Hon'ble High Court. The Company had already made a provision of Rs.4436.48 lac (Previous year Rs. 3872.20 lac) towards this claim and the balance claim not acknowledged by the Company is Rs.1414.11 lac (Previous year Rs. 1234.25 lac). This claim is restated at the exchange rate as on the Balance Sheet date.
- iii. Groupe Chimique Tunisian SA (GCT) initiated arbitration proceedings against the Company for non payment of US\$ 15.02 million together with interest towards supply of Phosphoric Acid in the earlier years against which the Arbitral Tribunal passed an award on 9 September 2009 directing the Company to pay a sum of Rs.7300 lac to GCT towards principal and Rs.2500 lac towards interest. The Company filed a petition before the Hon'ble Madras High Court on 7 December 2009 for setting aside the award and the Court ordered notice to GCT on 23 December 2009. The matter is pending before the Hon'ble Madras High Court. As the Company had already made a provision of Rs.7522.26 lac (Previous year Rs.6565.52 lac), the remaining claim not acknowledged by the Company on this account is Rs.2277.74 lac (Previous year Rs.3234.48 lac).
- iv. 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 along with other beneficiaries has been enjoying this facility since inception of the 20 MGD Scheme for the last 36 years. Water Charges were paid to TWAD on the basis of actual receipt by individual industries. The claims made by TWAD for Rs.726.52 lac (Previous year Rs.692.79 lac) is not acknowledged as debt, as this differential value from April 2009 to March 2012 is not supported by any Government Order and also the other beneficiaries are objecting to such claims of TWAD.
- v. The Superintending Engineer, Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO), Cuddalore, vide letter dated 19 April 2012 has claimed Rs. 155.48 lac towards outstanding dues relating to the Pen-G unit of the Pharmaceutical Division at Cuddalore. The Company is in the process of ascertaining the basis of the above claim from the authorities concerned for taking appropriate action.
- vi. Other claims against the Company, which are being disputed/challenged before the Courts Rs.4304.95 lac (Previous year Rs. 4155.82 lac). In respect of the above claims, the Company is of the view that there are reasonable chances of successful outcome of the Appeals / Petitions filed before the Hon'ble Madras High Court/Government Authorities and accordingly no further provision is considered necessary
- vii. Disputed claims against one of the subsidiaries not acknowledged as debts amounting to Rs. 19.50 lac (Previous year Rs.19.50 lac).

- (b) Guarantees / Security given to banks/financial institutions on behalf of other companies Rs. 5020 lac (Previous year Rs. 5020 lac) [including share of Joint ventures Rs. Nil (Previous year Rs. Nil)].
- (c) Bank Guarantees outstanding Rs. 781.78 lac (Previous year Rs. 781.88 lac) [including share of Joint Ventures Rs. Nil (Previous year Rs. Nil)], Letter of Credit Rs.526.29 lac (Previous year Rs.419.06 lac) [including share of Joint ventures Rs. Nil lac (Previous year Rs. Nil)].
- (d) Cumulative amount of Preference Dividend and dividend tax thereon not provided for by the Company from 1 April 2001 to 31 March 2012 is Rs.2288.09 lac. (Previous year Rs. 2112.30 lac)
- (e) No provision has been considered necessary by the Management for the following disputed Income tax, Excise duty, Service tax, Sales Tax, Electricity tax and Employees State Insurance demands which are under various stages of appeal proceedings. The Company has been advised that there are reasonable chances of successful outcome of the appeals and hence no provision is considered necessary for these demands.

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in lac)	Forum where pending
Direct Taxes				
Income Tax Act, 1961	Income Tax	1996-97 to 2000-01	- (2592.46)	Hon'ble Madras High Court
Indirect Taxes				
Central Excise Act, 1944	Excise duty	1998-99 to 2007-08	391.46 (391.46)	Commissioner of Central Excise (Appeals) / Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	2003-04 to 2004-05 2008-09 2011-12	140.55 (124.23)	Commissioner of Central Excise (Appeals) /Hon'ble Madras High Court
Sales Tax Act under various State enactments	Local Sales Tax	1996-97 to 2007-08	804.24 (156.39)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	1998-99 and 1999-00	- (75.25)	Deputy Commissioner (Appeals) / Sales Tax Appellate Tribunal
Tamilnadu Electricity (Taxation on Consumption) Act, 1962	Electricity Tax	1985-86 to 1993-94	1050.54 (1050.54)	Division Bench of the Hon'ble Madras High Court
Employees State Insurance Act *	ESI dues	1977 to 2003	11061.48 (11031.98)	ESI Court / Hon'ble Madras High Court
Income Tax, Sales Tax, Excise Duty, Service Tax, Electricity Tax and other demands pending before various authorities with respect to subsidiaries/ proportionate share in joint ventures			842.00 (561.98)	
TOTAL			14290.27 (15984.29)	

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

Out of the above demand of Rs.14290.27 lac (Previous year Rs.15984.29 lac), an amount of Rs.864.92 lac (Previous year Rs.3488.11 lac) has been deposited under protest/adjusted by relevant authorities.

- (f) Certain unsecured creditors have filed winding up petitions which are being defended by the Company before the Hon'ble Madras High Court.

Note 35 The Company has given an undertaking to the lenders of Tuticorin Alkali Chemicals and Fertilisers Limited for non disposal of its shareholdings in the said Company without their prior approval.

Note 36 The Company has disposed of Fertilizer bonds issued by Government of India with a face value of Rs. Nil (Previous year Rs. 434.90 lac) during the current year and the loss on sale of such bonds amounting to Rs. Nil (Previous year profit Rs. 60.89 lac) has been debited to the statement of Profit and Loss under the head "Other Expenses".

Note 37 Disclosure as per Accounting Standard (AS) 15 (Revised)

Disclosures required under this standard are given below:

(Rupees in lac)

a) Movement of Gratuity

Particulars	2011-12	2010-11
Projected Benefit Obligation as of 1 April 2011	1722.27	1496.13
Service cost	156.00	218.38
Interest cost	122.86	110.47
Actuarial Loss	47.37	132.10
Settlement Cost	(186.07)	-
Benefits paid	(380.48)	(234.81)
Projected Benefit Obligation as of 31 March 2012	1481.95	1722.27
Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	1481.95	1722.27
Fair value of plan assets at the end of the year	992.06	1277.27
Liability recognised in the Balance Sheet	489.89	445.00

Particulars	2011-12	2010-11
Cost of defined plan for the year		
Current service cost	155.99	218.40
Interest on obligation	122.86	110.47
Expected return on plan assets	(110.69)	(109.54)
Net actuarial loss recognized in the year	660.22	364.34
Settlement – Transfer out	(186.08)	-
Net cost recognized in the Statement of Profit and Loss	642.30	583.67

Particulars	2011-12	2010-11
Fair value of plan assets at the beginning	1277.27	1339.71
Expected return on plan assets assuming that movements occur in mid year	110.69	109.54
Contribution	597.42	295.08
Benefits paid (claim settled)	(380.48)	(234.81)
Actuarial gain/(loss) on plan assets	(612.84)	(232.25)
Fair value of plan assets at the end of the financial year	992.06	1277.27

b) Mean Financial Assumptions

Particulars	2011-12	2010-11
Discount Rate	8%	8%
Salary escalation rate	7.5%	6%
Demographic assumptions – Mortality	LIC 94-96 rates	LIC 94-96 rates
Demographic assumptions – Withdrawal	3%	3%

Disclosure as per AS 15 (Revised) in respect of subsidiaries/proportionate share in joint ventures:

(Rupees in lac)

a) Movement of Gratuity

Particulars	2011-12	2010-11*
Projected Benefit Obligation as of 1 April 2011	305.05	76.10
Service cost	26.78	3.72
Interest cost	23.40	6.09
Actuarial Loss	53.15	4.81
Benefits paid	(35.24)	(2.99)
Projected Benefit Obligation as of 31 March 2012	373.14	87.73
Amount recognised in the Balance Sheet:		
Projected benefit obligation at the end of the year	373.14	87.73
Fair value of plan assets at the end of the year	218.90	84.87
Liability recognised in the Balance Sheet	154.24	2.86

Particulars	2011-12	2010-11*
Cost of defined plan for the year		
Current service cost	26.78	3.72
Interest cost	23.40	6.09
Expected return on plan assets	(7.96)	(6.52)
Actuarial (gains)/losses	32.70	4.81
Net cost recognized in the Statement of Profit and Loss	74.92	8.10

Particulars	2011-12	2010-11*
Fair value of plan assets at the beginning	208.33	70.68
Expected return on plan assets	7.96	6.52
Contributions	17.40	10.66
Benefits paid	(35.24)	(2.99)
Actuarial gains/(losses) on plan assets	20.45	-
Fair value of plan assets at the end of the financial year	218.90	84.87

b) Mean Financial Assumptions

Particulars	2011-12	2010-11
Discount Rate	8.69%/8.6%	8.2%/8%
Salary escalation rate (relates to a subsidiary, SPEL Semiconductor Limited)	5%	-
Expected return on plan assets	9%/9.3%	9.3%/-
Demographic assumptions – Mortality	LIC 94-96 rates	LIC 94-96 rates

* With respect to a subsidiary, SPEL Semiconductor Limited, the figures relating to previous year are not available and hence not included in the above statements.

Estimates of future salary increase take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In the absence of relevant information from the actuary, the above details do not include the composition of plan assets.

The details of the experience adjustment arising on account of planned assets and liabilities as required by para 120(n)(ii) of AS15 (Revised) on employee benefits are not available in the valuation report and hence are not furnished.

Note 38

- (a) Research and Development expenses incurred on revenue account is Rs.Nil (Previous year Rs.130.50 lac) [including share of Joint Venture Rs.6.17 lac (Previous year Rs.6.56 lac)]
- (b) Exchange variation (net) debited under expenses to the statement of profit and loss is Rs.6175.33 lac (Previous year credited Rs. 643.38 lac) [including share of Joint Venture Rs. Nil (Previous year Rs. Nil)]

Note 39 (i) The Company has reviewed its deferred tax assets and liabilities as at 31 March 2012. The Company has carry forward losses and unabsorbed depreciation, which give rise to deferred tax asset of Rs.28458.84 lac (Previous Year Rs. 54217.29 lac). However in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized, the said deferred tax asset that can be recognized is restricted to the net deferred tax liability of Rs.12991.45 lac (Previous Year Rs. 9138.35 lac) as given below. Accordingly, there is no net deferred tax asset or liability as at 31 March 2012 to be accounted for.

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
Depreciation	2048.33	-
Subsidy	12266.44	13426.50
Deferred tax liability	14314.77	13426.50
Depreciation	-	1990.03
Provision for doubtful debts	1017.21	2298.12
VRS Compensation	306.11	-
Carry forward business losses & Unabsorbed Depreciation restricted to	12991.45	9138.35
Deferred tax asset	14314.77	13426.50
Net deferred tax asset	-	-

39 (ii) Subsidiaries and share in Joint Ventures

The deferred tax position as at 31 March 2012 has arisen on account of the following:

(Rupees in lac)

Particulars	As at 31 March 2012	As at 31 March 2011
Depreciation	1206.75	1185.94
Deferred Tax liability	1206.75	1185.94
Disallowances u/s 43B	-	-
Deferred Tax Assets	-	-
Net Deferred Tax Liability (in respect of Subsidiaries)	1206.75	1185.94
Proportionate share in Joint Ventures	1098.77	1156.48
Grand Total	2305.52	2342.42

Note 40

A Civil suit has been filed by one of the promoters – CPCL against the Company for Breach of Trust on MoU entered into between Company and CPCL while forming the joint venture Company – AROCHEM. In this case AROCHEM have been included as a proforma defendant.

CPCL has also filed another Civil suit against the Company praying for interim mandatory injunction directing SPIC Petrochemicals Limited to return the possession of 168.38 acres of land to AROCHEM. In this case, AROCHEM have been included as a defendant.

Against the judgement by the Single Judge, a Division Bench of the Hon'ble Madras High Court has ordered an injunction not to implement the project by SPIC Petrochemicals Limited.

The Company filed Special Leave Petitions in the Hon'ble Supreme Court against the above order. On 24 October 1997, the Hon'ble Supreme Court dismissed the Special Leave Petitions holding that it would not interfere with the interim order passed by the Division Bench, granting injunction, as it would prejudice the final hearing of the case. Consequently the project activities of SPIC Petro have been suspended.

On 15 July 1998, the Petroleum Ministry called both CPCL and the Company for discussions to arrive at a compromise on the issue. CPCL and the Company held further deliberations and have since arrived at a compromise. A Memorandum of Settlement (MoS) entered into between CPCL and the Company was sent to the Government of India for their approval. The MoS was cleared by the Ministry of Petroleum and Natural Gas vide their letter, dated 12 March 2001.

Since the promoters are unable to effectuate the earlier MoS approved by the Government of India, discussions are now being held to revise the MoS, subject to necessary approvals.

Note 41 SEGMENT REPORTING
Primary segment information (Business segments)

(Rupees in lac)

Particulars	Continuing				Discontinuing				Total
	Agro Inputs	Integrated Circuits	Petro chemicals	Others	Agro Inputs - Phosphatic operations	Bulk Drugs and Formulations	SMO	Others - Enzymes	
Segment revenue									
Sales to external Customers	241347.06 (104978.41)	7929.44 (9133.01)	- (-)	23630.29 (19241.79)	66784.63 (48973.85)	987.02 (1226.02)	18165.95 (24637.53)	464.14 (969.79)	359308.53 (209160.40)
Operating Income	945.57 (162.41)	49.18 (13.23)	- (-)	57.85 (49.20)	423.92 (911.00)	200.13 (302.77)	1.85 (-)	4.60 (1.71)	1683.10 (1440.32)
Other Income	35.61 (27.53)	86.38 (42.44)	- (-)	432.80 (113.33)	159.17 (266.00)	- (10.77)	68.08 (191.26)	- (-)	782.04 (651.33)
Unallocated income									1161.40 (994.47)
Inter segment Revenue	- (-)	- (-)	- (-)	(154.83) (-)	- (-)	- (-)	- (-)	- (-)	(154.83) (-)
Total Revenue	242328.24 (105168.35)	8065.00 (9188.68)	- (-)	23966.11 (19404.32)	67367.72 (50150.85)	1187.15 (1539.56)	18235.88 (24828.79)	468.74 (971.50)	362780.24 (212246.52)
Elimination of inter segment sales	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Net Revenue	242328.24 (105168.35)	8065.00 (9188.68)	- (-)	23966.11 (19404.32)	67367.72 (50150.85)	1187.15 (1539.56)	18235.88 (24828.79)	468.74 (971.50)	362780.24 (212246.52)
Segment results	13673.08 (-2215.56)	315.19 (947.30)	- (-)	567.79 (684.62)	4958.23 (6540.65)	(997.45) (-5279.45)	(1636.94) (818.61)	(237.92) (52.04)	16641.98 (1548.21)
Unallocated expenditure net of unallocated income									(5362.28) (-64654.51)
Profit / (Loss) before interest and taxation									11279.70 (-63106.30)
Finance Cost									8800.00 (3344.69)
Profit / (Loss) before taxation									2479.70 (-66450.99)
Tax Expenses/Provision for tax relating to earlier years									2622.31 (319.75)
Profit / (Loss) after Taxation before share of results of associates									(142.61) (-66770.74)
Share of Profit / (Loss) of Associates									(50.99) (1084.72)
Profit / (Loss) after Taxation before minority interest									(193.60) (-65686.02)
Less: Profit / (Loss) applicable to Minority Interest									23.92 (-3091.53)
Net Profit/ (Loss) for the year									(217.52) (-62594.49)

Note 41 SEGMENT REPORTING (contd.)

(Rupees in lac)

Particulars	Continuing				Discontinuing				Total
	Agro Inputs	Integrated Circuits	Petro chemicals	Others	Agro Inputs - Phosphatic operations	Bulk Drugs and Formulations	SMO	Others - Enzymes	
Other Information									
Segment assets	58521.35 (64046.62)	15804.62 (15546.08)	1891.71 (1883.47)	15077.88 (15161.06)	- (40721.13)	566.18 (3209.28)	- (14697.72)	366.88 (710.29)	92228.62 (155975.65)
Unallocated corporate Assets									15255.28 (25555.14)
Total Assets									107483.90 (181530.79)
Segment liabilities	27108.78 (60767.87)	6592.92 (6409.26)	455.76 (447.52)	7000.35 (5969.94)	- (6800.32)	802.38 (818.90)	- (7143.12)	45.60 (165.41)	42005.79 (88522.34)
Unallocated corporate Liabilities									155129.09 (182576.94)
Total Liabilities									197134.88 (271099.28)
Capital expenditure (allocable)	374.13 (204.20)	3233.48 (101.09)	8.02 (43.23)	234.82 (151.89)	182.42 (232.85)	1.47 (160.48)	843.49 (1296.09)	4.37 (39.01)	4882.20 (2228.84)
Capital expenditure (Unallocable)									82.89 (47.06)
Depreciation (allocable)	4253.81 (5200.19)	937.93 (883.67)	- (-)	686.82 (707.40)	955.11 (1880.34)	640.76 (2453.06)	61.11 (88.24)	17.66 (16.64)	7553.20 (11229.54)
Depreciation (Unallocable)									136.82 (228.57)
Non-cash expenditure other than depreciation (allocable)	(11.78) (1.93)	- (-)	- (-)	53.14 (17.12)	859.49 (45.86)	136.05 (1231.06)	- (1.85)	29.19 (0.47)	1066.09 (1298.29)
Non-cash expenditure other than depreciation (unallocable)									3031.05 (24.94)

Note 41 SEGMENT REPORTING (contd.)
Secondary Segment Information (Geographical Segments)

(Rupees in lac)

Secondary segment Information (Geographical Segments)	Revenue	Carrying amount of segment assets	Capital Expenditure
Within India	359258.95 (186432.72)	90449.82 (153990.25)	4882.20 (2228.28)
Outside India	2514.72 (24819.33)	1778.80 (1985.40)	- (0.56)
Total	361773.67 (211252.05)	92228.62 (155975.65)	4882.20 (2228.84)

NOTES
(a) Business segments

The business segment has been considered as the primary segment for disclosure. The products included in each of the business segments are as follows:

Continuing

- (i) Agro inputs - includes Fertilizers
- (ii) Petrochemicals - includes Polyester Filament Yarn and Purified Terephthalic Acid
- (iii) Integrated Circuits - Semiconductor Assembly and Test facility providing Integrated Circuits packing solutions
- (iv) Others - Tissue culture, Seeds, Chemicals and Power

Discontinuing

- (i) Agro inputs - Phosphatic Operations
- (ii) Bulk drugs and formulations - includes Penicillin - G and formulations
- (iii) SMO - Maintenance Contracts
- (iv) Others - Enzymes

Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenditure net of unallocated income."

Unallocated corporate assets and unallocated corporate liabilities include the assets and liabilities which are not directly attributable to segments.

(b) Geographical segments

The geographical segments considered for disclosure are as follows:

- Sales within India include Sales to customers located within India
- Sales outside India include sales to customers located outside India.

Note 42 Related party disclosures under Accounting Standard – 18

42 (i) The list of related parties as identified by the management are as under:

		2011 – 12	2010 – 11
Associates	1.	Tuticorin Alkali Chemicals and Fertilisers Limited	Tuticorin Alkali Chemicals and Fertilisers Limited
	2.	Gold Nest Trading Company Limited.	Gold Nest Trading Company Limited
	3.	-	Manali Petrochemical Limited (ceased to be an Associate with effect from 9 March 2011)
	4.	-	EDAC Engineering Limited (ceased to be an Associate with effect from 27 October 2010)
Joint ventures	1.	Tamilnadu Petroproducts Limited	Tamilnadu Petroproducts Limited
	2.	National Aromatics and Petrochemicals Corporation Limited.	National Aromatics and Petrochemicals Corporation Limited.
Key Management Personnel of the Company	1.	Dr. A C Muthiah (upto 16 November 2011)	Dr. A C Muthiah
	2.	Thiru Ashwin C Muthiah	Thiru Ashwin C Muthiah
	3.	Thiru K K Rajagopalan	
Relatives of Key Management Personnel of the Company (with whom there were transactions during the year)	1.	Dr. A C Muthiah	Thirumathi Devaki Muthiah
	2.	Thirumathi Devaki Muthiah	
Enterprises owned by / over which Key Management Personnel is able to exercise significant influence	1.	Wilson International Trading Pte Ltd, Singapore	Wilson International Trading Pte Ltd, Singapore
	2.	Wilson International Trading India Private Limited	Manali Petrochemical Limited
	3.	Manali Petrochemicals Limited	
	4.	Greenstar Fertilizers Limited	

42 (ii) The following transactions were carried out with the related parties

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	As at 31 March 2012	As at 31 March 2011
A	BALANCE OUTSTANDING AS AT 31.03.2012			
	(a) Receivables including Advances			
	Tamilnadu Petroproducts Limited	Joint Venture	1.20	53.62
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	1256.59	1384.76
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	8.86	-
	National Aromatics and Petrochemicals Corporation Limited*	Joint Venture	1474.80	1471.45
	Thirumathi Devaki Muthiah	Relative of Key Management Personnel	3.75	3.75
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	6.17
	(b) Payables			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	1799.99	-
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.50	-
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	101.69	-
	Tamilnadu Petroproducts Limited	Joint Venture	-	0.25
	Dr. A C Muthiah	Key Management Personnel	-	15.00
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	5449.27
	(c) Guarantee Received			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	2500.00	1500.00

* Dues have been fully provided for

Note 42 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011- 12	For the year 2010- 11
B	TRANSACTIONS DURING THE YEAR 2011 - 12			
1	Sale of goods			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	562.47	190.38
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	135.58	-
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	3618.58
2	Purchase/Loan of materials			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	1.31	174.57
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	1.33	1.08
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	19.32	-
	Tamilnadu Petroproducts Limited	Joint Venture	-	2.50
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	29155.12	21489.79
3	Reimbursement of Expenses (Receipts)			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.09	-
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.87	-
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	27.07	37.91
	EDAC Engineering Limited	Associate	-	18.20
	Tamilnadu Petroproducts Limited	Joint Venture	26.35	27.59
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	3.35	2.69
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	0.35	-
4	Income from services rendered			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	0.40	0.50
	Tamilnadu Petroproducts Limited	Joint Venture	0.39	46.87
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	211.60	129.01
	EDAC Engineering Limited	Associate	-	1.66
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	451.62	-
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.16	-
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	-	0.47

Note 42 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011- 12	For the year 2010- 11
5	Services/Consultancy charges			
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	0.10	22.06
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	82.23	31.36
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	442.34	-
	EDAC Engineering Limited	Associate	-	1.55
6	Sale of Business Unit			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	30600.00	-
7	Income from Rentals			
	EDAC Engineering Limited	Associate	-	34.98
	Tamilnadu Petroproducts Limited	Joint Venture	1.61	1.77
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	18.97	-
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	0.90	-
8	Dividend Income			
	Manali Petrochemicals Limited	Enterprises over which KMP exercise Significant Influence	57.31	247.00
	Tamilnadu Petroproducts Limited	Joint Venture	152.34	76.17
9	Provision for doubtful advances			
	National Aromatics and Petrochemicals Corporation Limited	Joint Venture	3.35	2.69
	Tuticorin Alkali Chemicals and Fertilisers Limited	Associate	8.82	-
10	Finance and Other Charges			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	14.40	-
	Wilson International Trading Pte Ltd, Singapore	Enterprises over which KMP exercise Significant Influence	304.16	210.77
11	Profit on Phosphatic operations transferred			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	1118.02	-

Note 42 (ii) Related parties transactions (contd.)

(Rupees in lac)

S.NO	PARTICULARS	RELATIONSHIP	For the year 2011- 12	For the year 2010- 11
12	Managerial Remuneration			
	Dr. A C Muthiah	Key Management Personnel	32.88	52.49
	Thiru K K Rajagopalan	Key Management Personnel	12.39	-
13	Rent Paid			
	Greenstar Fertilizers Limited	Enterprises over which KMP exercise Significant Influence	92.39	-
	Thirumathi Devaki Muthiah	Relative of Key Management Personnel	3.77	6.00
14	Sitting Fees			
	Thiru Ashwin C Muthiah	Key Management Personnel	1.00	0.80
15	Trade advance received/returned			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	7800.00	-
16	Trade advance repaid/returned			
	Wilson International Trading India Private Limited	Enterprises over which KMP exercise Significant Influence	6000.00	-

Note 43 Earnings per share :

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
(i) Continuing Operations		
Face value per share (in Rupees)	10	10
Profit/(Loss) for the year (Rupees in lac)	(2267.61)	(64630.81)
Less: Arrears of Preference Dividend [Refer Note 34(d)]	175.79	176.37
Profit/ (Loss) for the year after Preference dividend (Rupees in lac)	(2443.40)	(64807.18)
Basic		
Weighted Average Number of shares outstanding	166278374	145715681
Earnings / (Loss) per share (in Rupees)	(1.47)	(44.48)
Diluted		
Weighted Average Number of shares outstanding	166291005	145715681
Earnings / (Loss) per share (in Rupees)	(1.47)	(44.48)
(ii) Total Operations		
Face value per share (in Rupees)	10	10
Profit/(Loss) for the year (Rupees in lac)	(217.52)	(62594.49)
Less: Arrears of Preference Dividend [Refer Note 34(d)]	175.79	176.37
Profit/ (Loss) for the year after Preference dividend (Rupees in lac)	(393.31)	(62770.86)
Basic		
Weighted Average Number of shares outstanding	166278374	145715681
Earnings / (Loss) per share (in Rupees)	(0.24)	(43.08)
Diluted		
Weighted Average Number of shares outstanding	166291005	145715681
Earnings / (Loss) per share (in Rupees)	(0.24)	(43.08)

Note 44

- Previous year figures have been regrouped / recast, wherever necessary, to conform to the classification of the current period and revised Schedule VI of the Companies Act, 1956.
- Assets and Liabilities in the Balance Sheet include figures both for Continuing and Discontinuing Operations.
- The Provision for doubtful trade and other receivables, loans and advances, provision for non-moving inventories and earlier provision writeback pertains to both Continuing and Discontinuing operations. These are appropriately shown in the Statement of Profit and Loss under Continuing Operations and Discontinuing operations. The Balance Sheet contains provision figures both for Continuing and Discontinuing Operations in total.
- Previous year figures are given in brackets.

Southern Petrochemical Industries Corporation Limited

Information disclosed in accordance with the Ministry of Corporate Affairs, Government of India, Order No.51/12/2007
CL-III General Circular No.2/2011 dated 8 February 2011

Consolidated Accounts

Particulars	SPEL Semiconductor Limited	SPEL America Inc., USA (Subsidiary of SPEL Semiconductor Ltd)		SPIC Fertilizers and Chemicals Limited (SFCL) Mauritius	
Financial year of the Subsidiary Company ended on	31 March 2012	31 March 2012		31 March 2012	
	Rupees in lac	Amount in USD	Rupees in lac *	Amount in USD	Rupees in lac *
Capital	4613.25	100.00	0.05	39073390.00	19988.58
Reserves	4602.30	(7369.71)	(3.77)	(39162562.00)	(20034.20)
Total Assets	15807.70	7605.29	3.89	-	-
Total Liabilities	15807.70	7605.29	3.89	-	-
Investments	-	-	-	-	-
Turnover	8065.01	212000.00	108.45	-	-
Profit / (Loss) before tax	77.75	(3840.87)	(1.96)	-	-
Provision for taxation	20.81	800.00	0.41	-	-
Profit / (Loss) after tax	56.94	(4640.87)	(2.37)	-	-
Proposed dividend	-	-	-	-	-

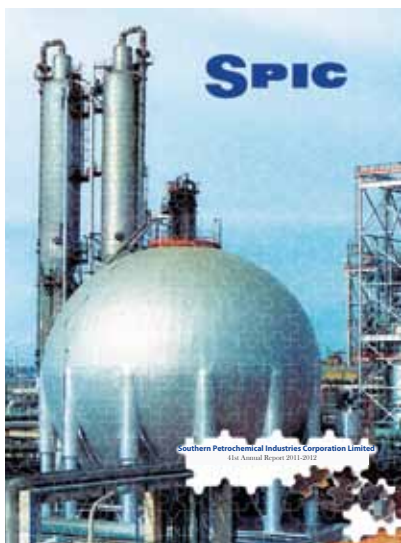
* Translated at exchange rate prevailing as on the closing Balance Sheet date of the respective companies.

1 USD (US Dollar) = Rs.51.1565

- 1 SPIC Fertilizers and Chemicals Limited, Mauritius (SFCL) (a wholly owned subsidiary of the Company) holds 1 equity share of One Million Arab Emirate Dinar each in SPIC Fertilizers and Chemicals FZE, Dubai (SFC, FZE). Hence the combined share of the Company and its subsidiary in SFC FZE Dubai is 83.54%. Due to inaccessibility to the records consequent to re-possession of certain assets of the company by Jebel Ali Free Zone Authorities (JAFZA), Dubai the details of SFC, FZE Dubai are not given in the above statement.
- 2 As Jebel Ali Free Zone Authorities (JAFZA) had taken over the assets of SPIC Fertilizers and Chemicals (SFC) FZE, Dubai, the holding company SFCL Mauritius lost control over the subsidiary. Full provision has been made for these investments in earlier years. The company is considering writing off the investments in SFCL Mauritius and is in the process of getting the approval of the concerned Regulatory Authorities to write off the aforesaid investment in the books of account. Hence the financial statements of the subsidiary company SFCL Mauritius have not been considered for consolidation.

Notes

Notes



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